



ACTIVITIES REPORT FOR THE PERIOD ENDED 30 JUNE 2005

SIGNIFICANT EVENTS

- Production reduced by biennial shutdown and fire event in May
- 4,736 tonnes nickel production in the quarter
- Acid plant restart commenced with full rates expected on Wednesday
- Cash on hand exceeds \$100 million at end of June
- Nickel projects purchased from the administrators of Sons of Gwalia

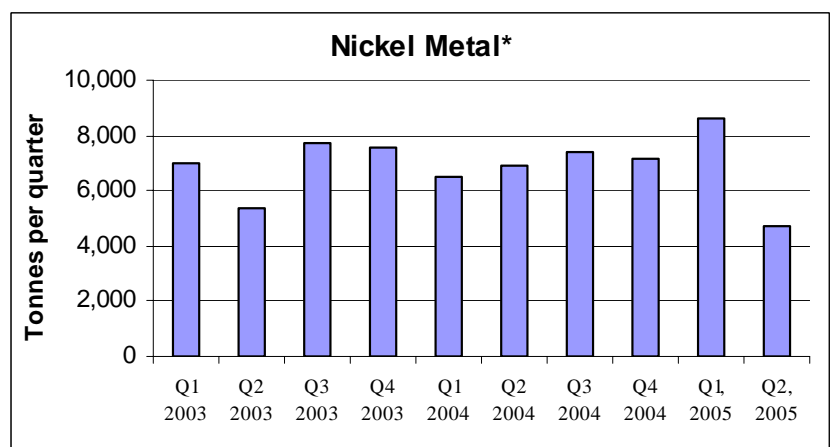
MURRIN MURRIN OPERATIONS

Production

	Quarter Ended 30 June 2005	Prior Quarter Ended 31 March 2005	Half Year Ended 30 June 2005	Half Year Ended 30 June 2004
Nickel (tonnes)	4,736	8,620	13,356	13,402
Cobalt (tonnes)	235	538	773	914
Minara's Equity (60%)	2,842	5,172	8,014	8,041
Nickel (tonnes)	141	323	464	549
Cobalt (tonnes)				

Plant performance was affected in the quarter by the major three week plant-wide shutdown, losses attributed to the fire in the hydrogen sulphide plant (H₂S plant) in May, and various maintenance issues. Several issues were experienced through late May/June including failure of one of the ore screens, an issue with the hydrogen compressor owned and operated by BOC, and later abnormal scale build up in the mixed sulphide area. All have been successfully rectified, but each of these reduced throughput.

In the first two weeks of July the leach autoclaves ran at half capacity due to acid plant problems.



* Packaged – Minara share 60%

At the end of June, acid plant control operators were experiencing flow problems in the acid plant and field inspections revealed that there was a leak in the acid plant heat retention system. The acid plant was immediately shut down and an investigation commenced. The acid spillage was contained to the immediate area however acid production was curtailed until extensive non-destructive testing and subsequent repairs were completed. Additional acid was imported to assist in maintaining nickel production rates.

These issues have now been resolved and production rates are increasing with full rates expected from Thursday 21 July. Nickel production for the September quarter is now expected to be 7,000-8,000 tonnes.

The bi-ennial, three week plant-wide shutdown was successfully completed during the quarter. There were three primary objectives for the shutdown. The first was to complete all the necessary statutory inspections required for the major pressure vessels around the site. That was completed successfully, with little or no additional work resulting from the inspection.

The second major objective was to refurbish the acid plant in two main areas: recondition the catalyst and undertake a complete maintenance overhaul of the acid plant. As well, the main capital expenditure during the shutdown was the new shell enclosing the 1B superheater in the acid plant. We are pleased with both the extent of the refurbishment work in the acid plant and the success of the capital project.

The third major objective was the completion of the maintenance work in the H₂S plant. The H₂S trains were successfully separated and we replaced corroded piping. However, the H₂S plant was the one area that required additional remedial work, particularly welding inside vessels. This extended maintenance in the H₂S area by several days.

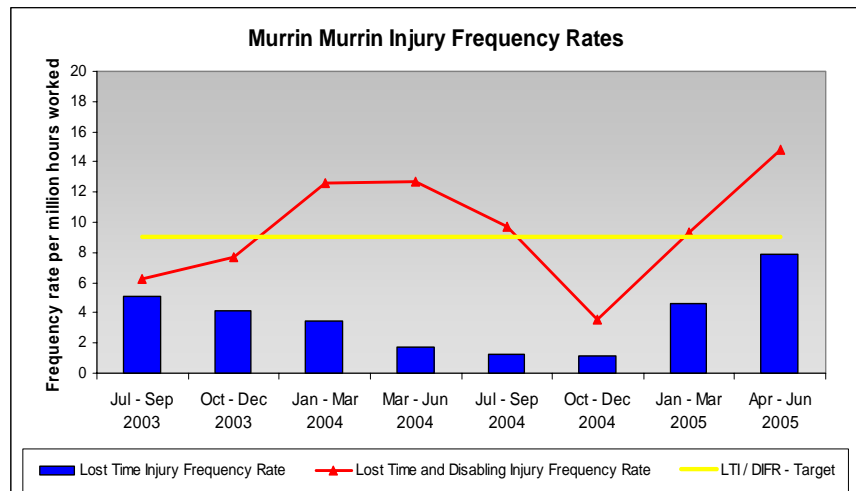
As announced on 23 May 2005, a small fire occurred in the H₂S plant, which was quickly contained and caused no material damage. Operations were however impacted by having to cool, clean and reheat the plant while investigating the cause of the fire. This affected production levels over May/June. The H₂S plant is now working successfully. The cause was determined as a manufacturing error. The manufacturer has now changed its testing regime to mitigate against it happening again.

The planned maintenance schedule is complete for over 80% of the front end of the plant. This has improved plant availability and in June there was a noticeable improvement in throughput in this area. A planned maintenance schedule is being formulated for both the utilities area and the back end of the plant. These areas are certainly less maintenance intensive than the front end, but no less critical. The company anticipates finalising the planned maintenance schedule covering 80% to 90% of the entire plant by the end of the year. Maintenance remains the core issue for the plant over the next 12 months.

Overall mining output was steady during the quarter with 4.2 million cubic metres of material moved from seven separate mining pits including three at Murrin Murrin South. The Mill Feed for the quarter was 389,606 tonnes grading 1.32%Ni (excluding supplementary residue feed).

Safety & Health

Safety performance has been disappointing with eight Lost Time Injuries recorded for the June Quarter. The combined Lost Time Injury Disabling Injury (LTI/DI) frequency rate for this quarter is 14.80. Most of the incidents have been associated with manual handling and with the large number of new contractors brought to the site during the shutdown.



There have been 42 incidents reported to the Department of Industry and Resources (DoIR) in the quarter as required under the Mines Safety and Inspection Act (MSIA).

Environment

There was one Department of Environment (DoE) reportable incident for the quarter. This was the acid plant issue at the end of June.

There were two Department of Indigenous Affairs (DIA) reportable incidents in the quarter. These are under investigation and an independent audit review of heritage sites at Murrin Murrin has commenced.

Capital projects

In addition to the new shell enclosing the 1B superheater in the acid plant and completion of splitting the hydrogen sulphide plant, two key capital projects were installed and commissioned successfully during the April shut down. These were the alkaline wash facility for the H₂S plant and the replacement of the 60 Bar attemperator in the acid plant.

A number of small enhancement and sustaining projects were completed during the quarter but the focus of the project work was on the completion of the LNO Ball Mill Project and the feasibility study for the Refinery Wet Metals area. The upgrade of the plant and village roads was initiated and will continue into next quarter.

MINARA CORPORATE

Financial

Cash on hand is in excess of \$100 million at the end of June.

Business Processes

The Business Improvement Program (BIP) is designed to assist operations management to focus on safety, production and costs. The company now has seven teams located throughout the plant who are well advanced on ideas generation. The program involves the entire workforce and examines every aspect of Minara's business. It works through every process, procedure and system to determine process improvements in a systemic way. Considerable progress has been made with the implementation of the BIP and the way employees have embraced it. Tangible results will however take some time to report through.

NEW BUSINESS

Acquisitions

Minara's recent acquisition of the Sons of Gwalia nickel assets is part of a longer-term strategy. This further consolidates the company's position around Murrin Murrin and increases the exploration potential in the region for nickel sulphides. The most significant project is at Cogleia Well, 165 kilometres east of Murrin Murrin, where there is a nickel laterite Inferred Resource of 2 million tonnes at 1.52% Ni and 0.26% Co at a 1.3%Ni cutoff. This provides a future raw material source comparing with the project reserve grade at Murrin Murrin of 1.1% Ni and 0.09% Co.

Exploration

Mount Windarra JV

A diamond drilling program is currently underway and an aircore drilling program to test the extensions of the ultramafic has been completed. Two diamond drillholes have been completed to target depth. No core has been cut or assayed as yet. A third diamond drillhole is planned. Joint venture partner Gryphon Minerals is conducting the exploration program targeting nickel sulphides.

The completion of this drilling program will satisfy the first year minimum expenditure requirement of \$300,000 for the Minara earn-in.

Bardoc Nickel JV

Ground electromagnetic testing has been completed and follow-up drilling on targets generated from this program is currently underway. Nickel sulphides have been intersected in holes drilled on the Western Zone with a peak nickel value of 1.21%Ni over 1m within an interval of 1.05%Ni over 2m, as reported by joint venture partner Halcyon Group. Further drilling of this nickel sulphide occurrence is warranted.

Minara has reached its first year expenditure commitment of \$900,000. Completion of drilling on the current targets will satisfy the expenditure requirements for 51% earn in by Minara.

Mt Margaret

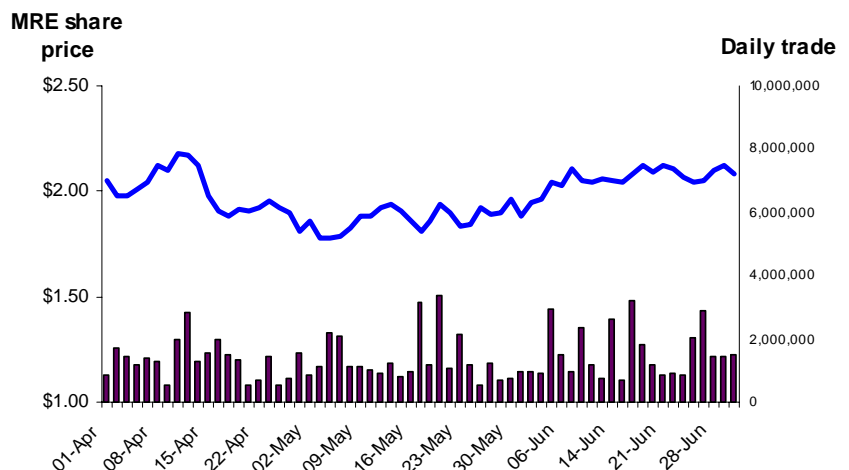
Due to heavy rain the follow-on work from the earlier program has been deferred until August when a drill rig is available.

Weld Range

Minara's interest in this project has increased with the acquisition from the Administrators of Sons of Gwalia. Targets generated from the airborne TEM flown in December 2004 will be followed up with ground TEM and drilling later this year.

MINARA SHARE PRICE

The share price traded through a 40 cent range over the quarter.



MARKET CONDITIONS

Commodity Prices	Prices at 30 June 2005	Average For Quarter Ended 30 June 2005	Average For Quarter Ended 30 June 2004
LME Nickel US\$ per tonne	14,700	16,411	12,505
US\$ per lb	6.67	7.44	5.67
Cobalt US\$ per lb	12.99	14.76	24.57
Exchange Rate AUD:USD	0.7618	0.7687	0.7145

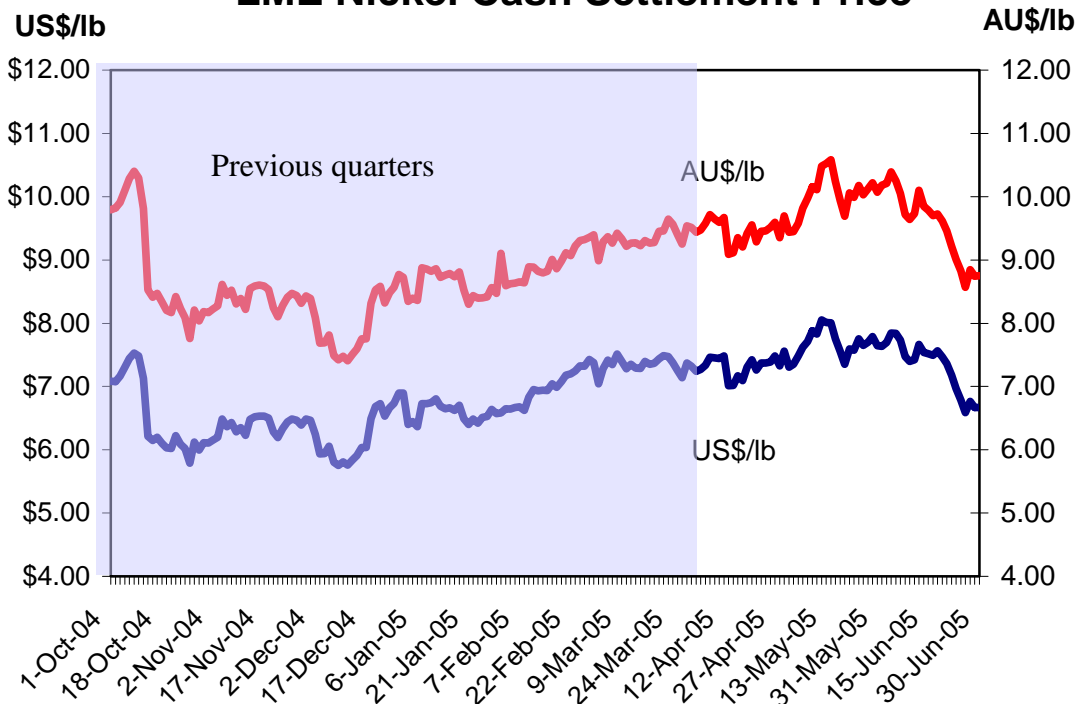
Nickel

Nickel prices stayed strong into June with the LME cash settlement price averaging US\$16,160/t or US\$7.33/lb. Although this represents a decline from May 2005, which averaged US\$16,932/t or US\$7.68/lb, it matches the levels of April (US\$16,142/t or US\$7.32/lb).

Nickel stocks with the LME stood at 7,248 tonnes as of end of June 2005. Although substantially higher than the low of 4,926 tonnes recorded on 13 May 2005, these are still at extremely low levels, well beneath one week of Western World consumption. This together with the recently recorded low stocks will continue to discourage traders from going short.

The market in Europe for stainless steels continues to be extremely weak. This is having the effect of encouraging any potential buyers to stay out of the market in the belief that base prices must fall substantially in July. However falling prices could result in the release of pent-up nickel demand from consumers who had been forced to use ferritic grades. This should provide a firm floor for prices, though at what level remains to be seen.

LME Nickel Cash Settlement Price



Cobalt

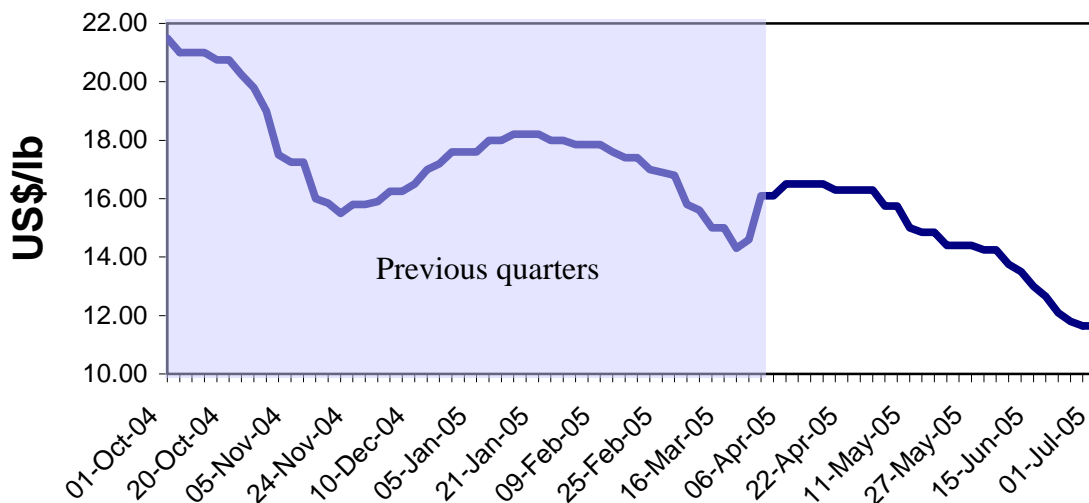
The WMC internet cobalt sales site (COSS) was not the key driver of the downwards price movements that have started to occur in May 2005. This role has been transferred to Norilsk Nickel, which has started to conclude deals below the US\$15/lb mark for sales into North America. Prices steadily declined after that and latest low-grade sales are currently around the US\$11.40-11.50/lb range.

Average low-grade prices fell from US\$16.67/lb in April to US\$14.93/lb in May and to US\$12.99/lb in June.

Some traders may find such price levels attractive as they point to the market tightening, when prices slip below US\$15/lb. They expect shipments of heterogenite from the DRC to China to be depleted and there is also an increased possibility of lower sales from the US stockpile at these price levels.

Analysts believe that the cobalt price is close to bottom and although it may not recover strongly in the coming months, prices are expected to return towards the US\$20/lb level.

Metal Bulletin Cobalt 99.3 % Price (Low)



Further updates will be provided as appropriate to the ASX and posted on Minara's website www.minara.com.au.

P.B. JOHNSTON

Chief Executive Officer & Managing Director
18 July 2005