

M I N A R A[®]
R E S O U R C E S

ABN 23 060 370 783 Limited

ACTIVITIES REPORT FOR THE PERIOD ENDED 30 JUNE 2006

SIGNIFICANT EVENTS

- 6,758 tonnes of nickel produced in the quarter
- Acid demister commissioned, installed and operational in early July
- Heap leach pad construction on target and under budget
- Cash on hand in excess of \$110 million
- Nickel market continues to remain strong with prices over the \$20,000 per tonne level

MURRIN MURRIN OPERATIONS

Production

	Quarter Ended 30 June 2006	Quarter Ended 31 March 2006	Quarter Ended 30 June 2005
Nickel (tonnes)	6,758	7,302	4,736
Cobalt (tonnes)	507	498	235
Minara's Equity (60%)			
Nickel (tonnes)	4,055	4,381	2,842
Cobalt (tonnes)	304	299	141

Production for the quarter was impacted by the following events:

- Restricted production in the quarter largely due to acid plant issues, particularly corrosion in the ductwork around the blowers. The corrosion was a direct result of gas emissions from the 1B Superheater.
- The scheduled shut from 17th to 28th April to allow for changeovers in the mixed sulphides area and remedial work on the acid plant. The shutdown was operated with a new philosophy of continuous operation which enabled production of 505 tonnes during the shut down period.

The front end of the plant continued to perform well with major improvements seen from the scheduled maintenance program. The focus in the quarter to June was in the utilities area and, in particular, the acid plant where the stress cracking of the 1B superheater had created corrosion issues in some of the ducting. This is not a new issue and has been reported in the company's last two activity statements.

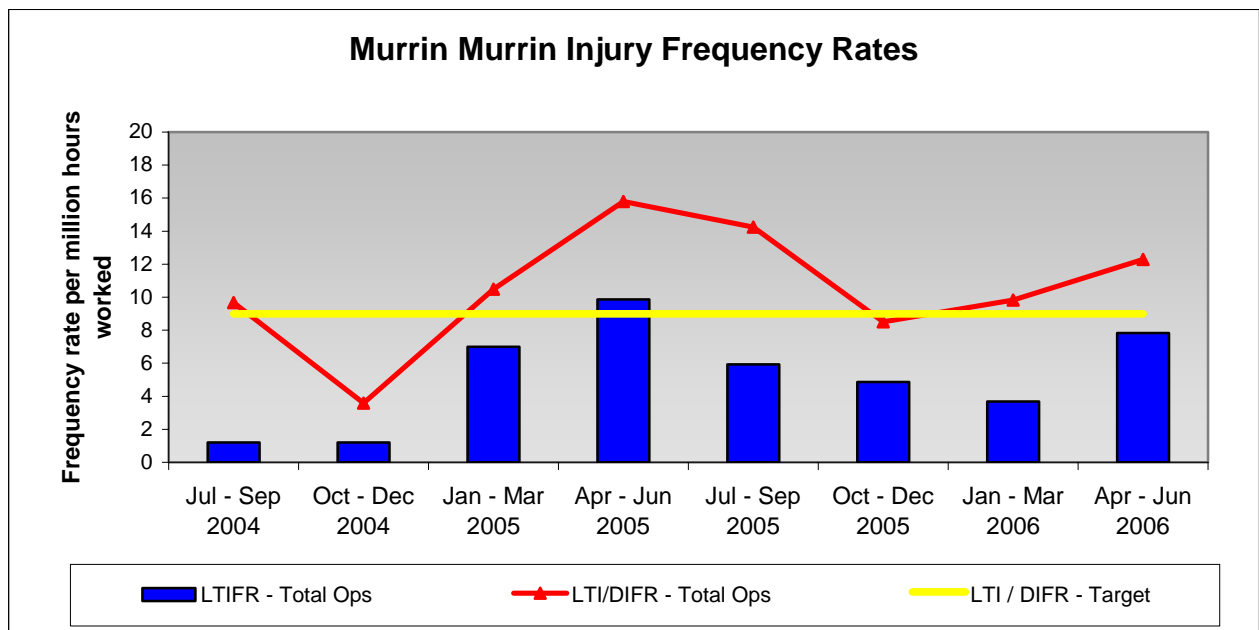
The permanent solution to this problem will be the replacement of the 1B superheater which is scheduled for September 2007.

In the interim, the installation of an acid demister in early July has been successful and will minimise further corrosion to the ducting from the blowers to the superheater, which has been the main contributor to the poor acid plant performance. Although it is expected that there will be some minor residual issues, the installation of the demister is expected to greatly improve acid plant availability.

Operational indicators are trending well and Minara anticipates improved consistency in production levels going forward. The company believes that nickel production for the year will be in the range of 31,000 to 33,000 tonnes.

The mining operations continue to run well with good equipment availability and utilisation.

Safety & Health



The lost time injury frequency rate and lost time injury/disabling injury frequency rate increased during the second quarter of 2006 due to a roll-over of a contractor's light vehicle that resulted in five lost time injuries.

During the quarter, there were 22 incidents reported as required under the Mines Safety and Inspection Act.

Environment

There were no significant or reportable environmental incidents recorded during the quarter.

Heap Leach Project

EPCM engineer Ausenco has mobilised its construction management team to site. Construction of the 200,000tpa heap leach demonstration plant has commenced with the heap leach pads and pond civil construction 60% complete. All long lead time items have been ordered and final procurement of remaining equipment and materials are underway.

The Demonstration Plant is on budget with 60% of overall capital cost now committed. The project remains on schedule with project completion due mid December.

MINARA CORPORATE

Minara's sales position remains unhedged which has allowed it to take advantage of the continued strong nickel market. As a result, the company has increased its cash on hand at the end of June to approximately \$110 million.

The Business Improvement process continues to show positive benefits including cost reductions and productivity improvements.

The main items of project capital expenditure over the next 18 months include the replacement of the superheater, the installation of bores, pumps and piping to bring water from the Grey Mare bore field, the heap leach demonstration plant and associated research and development.

NEW BUSINESS

Exploration

Irwin Hills – Coggia Well JV (Murrin Murrin JV 60%)

The second stage laterite resource drilling program was completed and a new indicated and inferred resource calculated for the project of 19.9 million tonnes at 1.02%Ni and 0.12%Co at a 0.8%Ni cut-off. This is a 60% increase on the previous estimate. Metallurgical test work continued throughout the June quarter, confirming Cobalt upgrade potential and proving HPAL leach characteristics. Heap leaching of the Irwin Coggia ores has been discounted. Further metallurgical test work derived from bulk sampling completed in June, will target semi-continuous piloting. Drilling on nickel sulphide targets commenced during the quarter, no assays are available as yet and down hole TEM will be completed in July.

Mt Windarra, Gryphon JV (Minara Resources earning up to 70%)

No exploration work was undertaken on the Joint Venture during the period as the Company has focussed its available resources on other projects.

Bardoc Nickel JV (Minara Resources 51%)

During the quarter, targeting shifted to the disseminated sulphides located in the western zone. Samples from a 23m intercept at 0.7%Ni were submitted to a metallurgical laboratory in Perth and

will be tested for floatation recoveries. Further targeting on the disseminated sulphide zones will depend on the results of this testwork. Mobile Metal Ion (MMI) soil sampling has been completed and the results are pending.

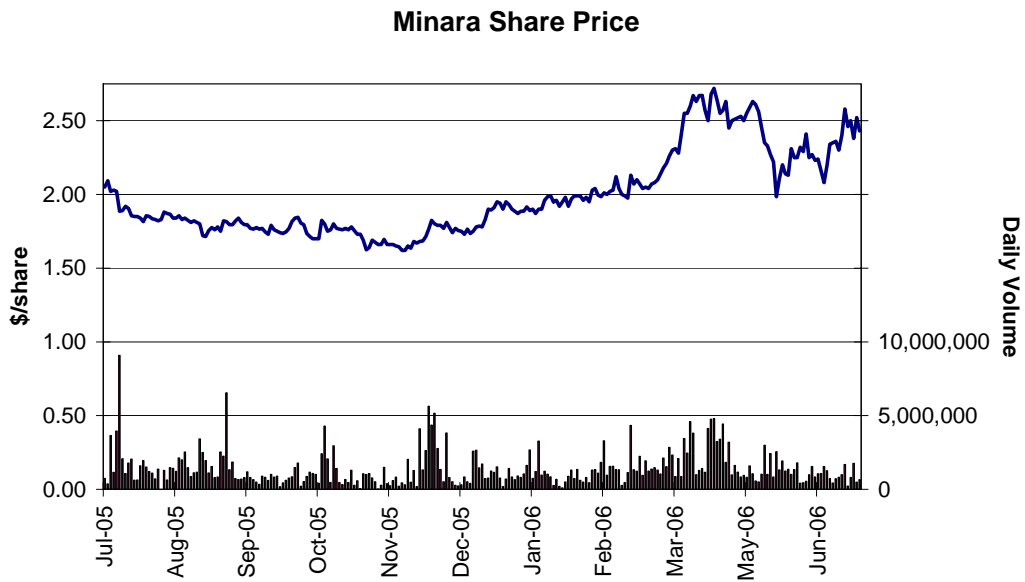
Mt Margaret (Murrin Murrin JV 100%)

A review of the Geophysics data has been delayed until the September quarter in order to provide further nickel sulphide exploration targets for the ongoing exploration program.

Weld Range JV (Minara Resources 75%)

A ground TEM program commenced in June. The aim of this geophysics program is to provide drillable targets for further work later in the year. Minara is also finalising the acquisition of further equity in this project from the administrators of Sons of Gwalia.

MINARA SHARE PRICE

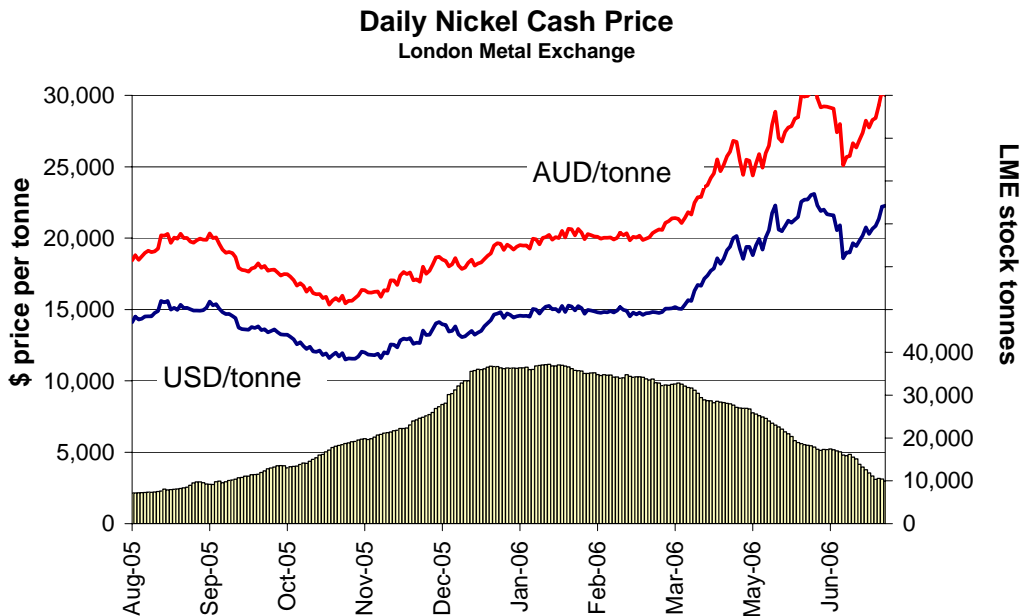


MARKET CONDITIONS

Commodity Prices	Prices at 30 June 2006	Average For Quarter Ended 30 June 2006	Average For Quarter Ended 31 March 2006	Average For Quarter Ended 30 June 2005
LME Nickel US\$ per tonne	22,275	20,025	14,811	16,411
US\$ per lb	10.10	9.08	6.72	7.44
AUD\$ per tonne	30,008	26,782	20,047	21,336
Cobalt US\$ per lb	14.00	14.06	11.87	14.76
Exchange Rate AUD:USD	0.7423	0.7473	0.7391	0.7687

Nickel

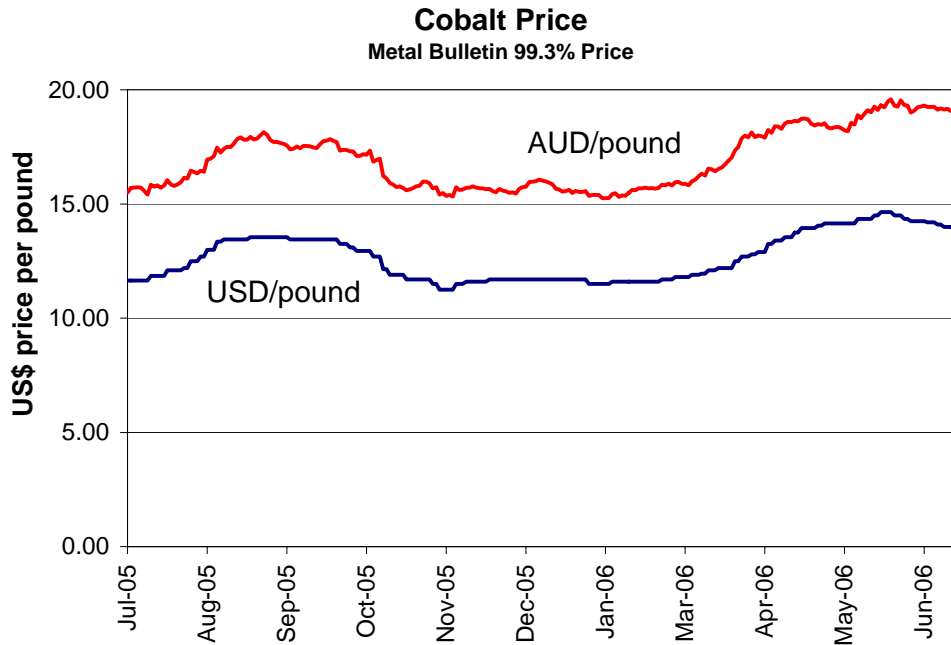
Official LME cash settlement prices increased strongly during the quarter in response to falling nickel stocks following renewed consumer demand. During the June quarter, the low for the nickel price occurred at the start of the quarter at US\$15,655/t compared to the quarter close at US\$22,275/t which was close to the high reached during the quarter.



LME nickel stocks decreased by over 21,000 tonnes during the quarter, to end at 9,990 tonnes.

Cobalt

The cobalt price for 99.3% cobalt increased over the quarter, opening at US\$12.90/lb and ending at US\$14.00/lb with signs of improving demand but no major fundamental developments



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

P.B. JOHNSTON

Chief Executive Officer & Managing Director
13 July 2006

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