

**M I N A R A**<sup>®</sup>  
R E S O U R C E S

ABN 23 060 370 783 Limited

## ACTIVITIES REPORT FOR THE PERIOD ENDED 31 December 2006

### SIGNIFICANT EVENTS

- Consistent production of 8,262 tonnes for the quarter
- Record production for the final six months of 17,464 tonnes
- Acid plant shutdown brought forward from April 2007 and successfully completed
- Cash on hand of approximately \$310 million
- Strong nickel market continues
- Commissioning has commenced for heap leach demonstration plant

### MURRIN MURRIN OPERATIONS

#### Production

	Quarter Ended 31 December 2006	Prior Quarter Ended 30 September 2006	Quarter Ended 31 December 2005
<b>Nickel</b> (tonnes)	8,262	9,202	7,790
<b>Cobalt</b> (tonnes)	616	475	501
<b>Minara's Equity (60%)</b>			
Nickel (tonnes)	4,957	5,521	4,674
Cobalt (tonnes)	370	285	301

Production of 8,262 tonnes of nickel packaged and 616 tonnes of cobalt packaged was achieved at Murrin Murrin for the three months to 31 December 2006. The Company's share is 60%.

The scheduled acid plant shutdown for April 2007 was brought forward and outstanding maintenance issues were successfully completed over the 12 day shut during the quarter. With the exception of the shut, a steady production profile of approximately 100 tonne per day rate was maintained by the plant throughout the quarter and a record second half production of 17,464 tonnes was achieved.

Production for 2007 has commenced well with no significant interruptions to plant throughput. Contingency measures that have been undertaken over the past two years meant that heavy rain in early January caused minimal disruption to mining and had no impact on plant production.

During the quarter mine output remained steady, with a mill feed of 764,696 tonnes, grading 1.36% Ni.

For further information, please contact

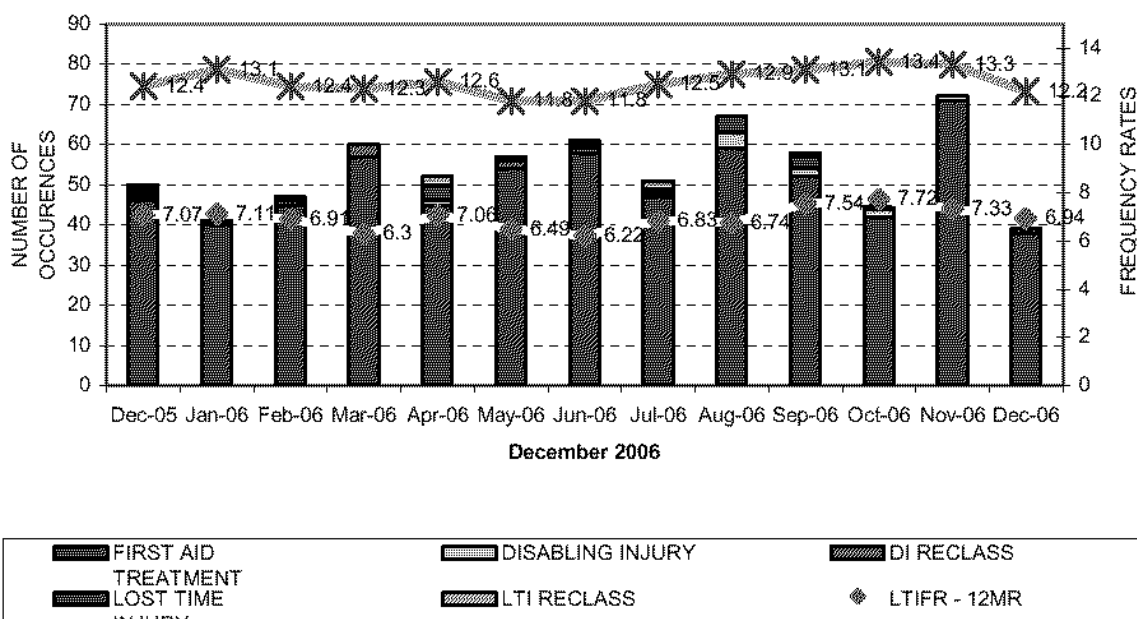
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The production forecast for 2007 is estimated to be in the range of 32,000 to 35,000 tonnes of nickel. This takes into account the major planned maintenance shutdown scheduled for October / November and subsequent start up.

### Safety & Health

Minara Resources Murrin Murrin Injury Frequency Rates / Injuries for All Employees 12 Month Rolling Average



The 12-month rolling average lost time injury frequency rate and disabling injury frequency rates decreased during the fourth quarter of 2006. Significant management focus has been placed on personal risk assessment (Step Back 2 x 2) to reduce the injury rate and to improve hazard identification and control.

### Environment

There were no significant environmental issues during the quarter. However, there was a minor incident involving an acid spill which was contained on the plant site and subsequently cleaned up.

Minara has joined a number of diverse Australian corporations in the Australian Government's Greenhouse Challenge Plus program, aimed at reducing greenhouse gas emissions through improved energy efficiency. This voluntary commitment encourages industry partners to become more greenhouse friendly, while making their operations more efficient through new shared research and development.

### Heap Leach

Commissioning of the 200,000 tpa heap leach demonstration plant is underway with the commencement of ore stacking during December.

The Company expects the first nickel from its scats stockpile to return to the process plant in March 2007 and the first nickel from nickel ore in July 2007.

Minara anticipates that, if successful, the demonstration plant will produce at rates of 2,000 tonnes of nickel metal and 150 tonnes of cobalt metal per annum by the end of 2007.

The heap leach project delivers a second, independent nickel stream and will further utilise the plant's refining area.

Minara is currently conducting several feasibility studies to expand the heap leach plant in the event that the demonstration phase is successful.

## **CORPORATE/FINANCIAL OPERATIONS**

Minara's sales position remains unhedged, which has allowed the Company to take advantage of the ongoing strong nickel market. As a result, Minara has increased its cash on hand at the end of December, after payment of the September dividend, to approximately \$310 million.

### **Capital**

Work on the Grey Mare bore field is expected to be completed in February at a capital cost of \$70 million. This will provide a third water supply source for the Murrin Murrin operations.

### **Exploration**

#### *Irwin Hills – Coglia Well JV (Murrin Murrin JV 60%)*

Metallurgical testwork is ongoing and will progress to pilot scale tests in February 2007. Mining studies are continuing to assess the viability of direct trucking ore to Murrin Murrin. Nickel sulphide targeting on weak off hole TEM conductors in two holes require further follow-up in 2007.

#### *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 initial tests on the disseminated sulphides located in the Western Zone were inconclusive. An IP survey will be conducted to better target the Western Zone mineralisation. Further drilling will be conducted on the number one target area and on coincident TEM and MMI nickel anomalies in January 2007.

#### *Mt Margaret (Murrin Murrin JV 100%)*

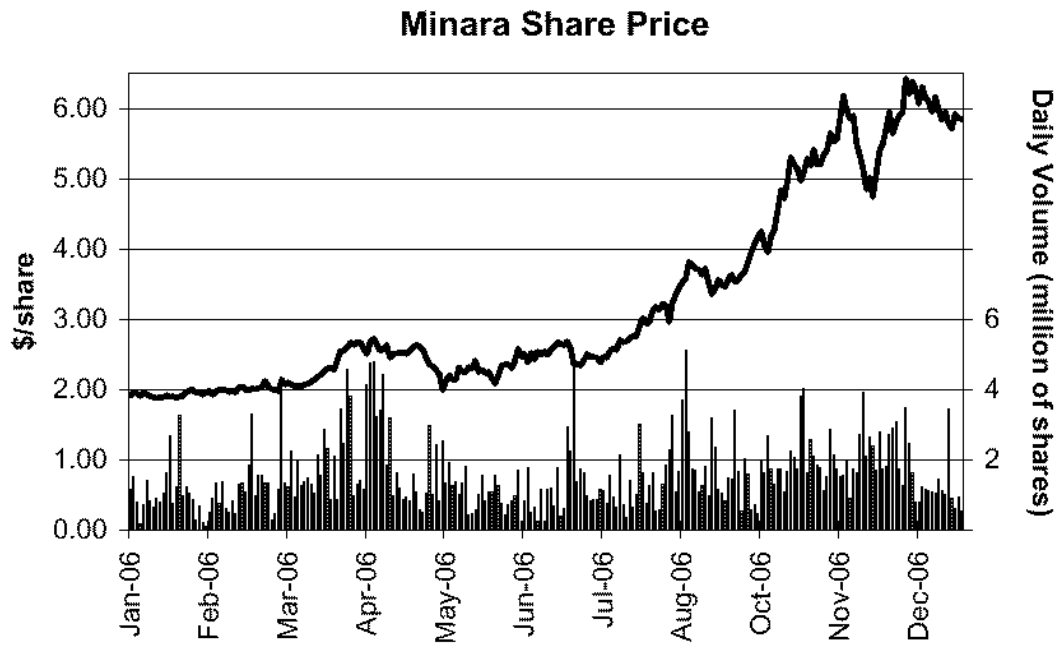
No further work was completed during the quarter.

#### *Weld Range JV (Minara Resources 75%) 91.75%*

During the quarter, targets were assessed for follow-up drilling on the Parkes PGM reef. It is envisaged that these targets will be drilled in the same program as the conductive anomalies

previously defined. Minara is in the last stages of finalising the acquisition of further equity in this project from the administrators of Sons of Gwalia.

## Share Price



**Metal Markets**

Commodity Prices	Prices at 31 December 2006	Average For Quarter Ended 31 December 2006	Average For Quarter Ended 30 September 2006	Average For Quarter Ended 31 December 2005
LME Nickel US\$ per tonne	34,205	33,060	29,178	12,628
US\$ per lb	15.52	15.00	13.24	5.73
AUD\$ per tonne	43,385	42,918	38,533	16,976
Cobalt US\$ per lb	22.00	18.12	15.21	11.91
Exchange Rate AUD:USD	0.7884	0.7702	0.7570	0.7439

**Nickel**

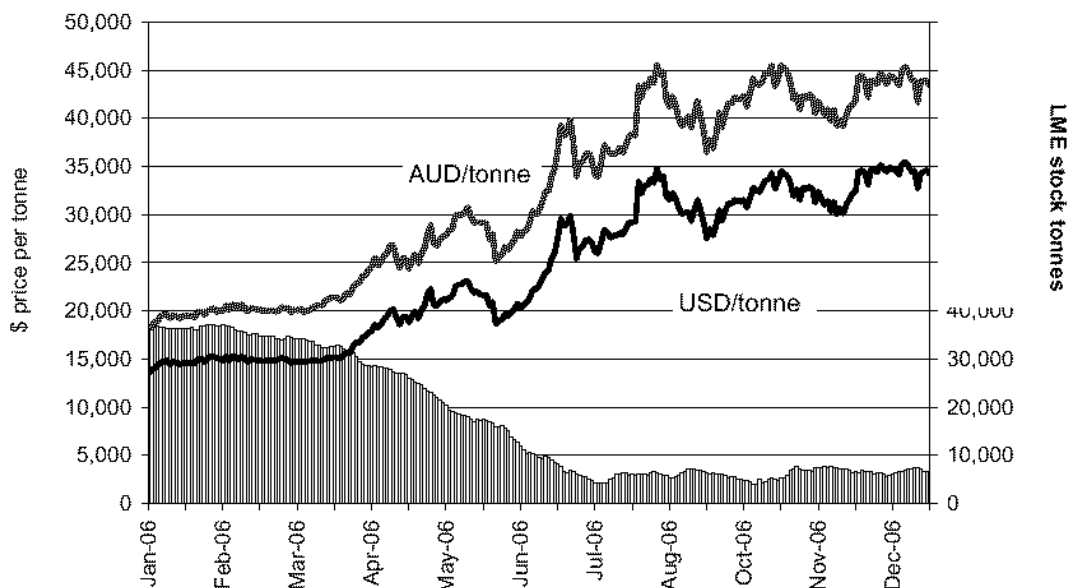
At the beginning of 2006 the LME nickel price was \$13,505/tonne and completed the year strongly at \$34,205/ tonne.

Minara believes that the nickel market fundamentals will remain strong for the next 2-3 years.

**Cobalt**

Cobalt was \$11.70 /lb at the beginning of the year and closed out 2006 at \$22.00/lb.

**Daily Nickel Cash Price**  
London Metal Exchange



## **CEO's comments**

"This has been a period of consistent plant performance with a solid production profile which included a planned shutdown of the acid plant. We remain focused on production stability and aim to further maximise growth options in 2007," Minara's Managing Director and CEO, Peter Johnston said.

"Our balance sheet remains extremely strong. We have cash reserves totalling approximately \$310 million, the stability of our production profile has improved and the nickel market fundamentals remain sound. We are also looking forward to results from the heap leach demonstration plant which, if successful, will provide a second processing stream at the Murrin Murrin operations"

### **P.B. JOHNSTON**

Chief Executive Officer & Managing Director  
12 January 2007

**ENDS**

## **About Minara**

Minara Resources Limited is a leading Australian resources company, based in Perth.

Founded in 1994, Minara Resources (formerly Anaconda Nickel Limited) owns and operates the world-class Murrin Murrin nickel cobalt joint venture project (60% Minara, 40% Glencore International AG) near Leonora in Western Australia's historic northern goldfields region.

Murrin Murrin is a world-class hydrometallurgical project, offering significant environmental benefits compared to traditional smelting processes.

### **For further information contact:**

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