

# QUARTERLY REPORT

# 30 June 2007



## ABOUT MINARA

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

Minara Resources owns and operates the Murrin Murrin nickel cobalt joint venture project (60% Minara, 40% Glencore International AG).

The Murrin Murrin operation is located near Leonora in Western Australia's historic northern goldfields region.

Murrin Murrin is a world-class nickel/cobalt hydrometallurgical project which offers significant environmental benefits compared to traditional smelting processes.



## SIGNIFICANT EVENTS

- Strong cash flow - cash reserves of \$435 million as at 30 June 2007
- Production of 7,598 tonnes of packaged nickel and approximately 1,000 tonnes of mixed sulphides
- Consistent front end plant performance continues
- Packaged production impacted by refinery scale build-up
- Heap leach pad expansion under construction
- Nickel market fundamentals remain sound

## MURRIN MURRIN OPERATIONS

	Quarter Ended 30 June 2007	Prior Quarter Ended 31 March 2007	Quarter Ended 30 June 2006
Nickel Production (Tonnes)	7,598	7,291	6,758
Cobalt Production (Tonnes)	551	511	507
<b>Minara's Equity (60%)</b>			
Nickel (tonnes)	4,559	4,374	4,055
Cobalt (tonnes)	331	307	304

Total production of 7,598 tonnes of packaged nickel and 551 tonnes of cobalt was achieved at Murrin Murrin for the three months to 30 June 2007. An additional 1,000 tonnes of mixed sulphides was produced. The company's share is 60%. The previous corresponding three months period saw 7,291 tonnes of packaged nickel and 511 tonnes of cobalt produced.

The plant achieved a strong performance at the front end during the period. This continues the consistent performance of that part of the plant for the past four quarters. Autoclave availability continues to improve which augurs well for the future.

A scale build-up in the refinery section of the plant created a production bottleneck which resulted in an inventory of approximately 1,000 tonnes of mixed sulphides accruing.

Minara understands the cause of this additional scale build-up and it is anticipated that this issue will be resolved during the third quarter of the year. Front end production is expected to remain strong with mixed sulphide sales anticipated to clear any outstanding inventories.

The annual production guidance is revised to 31,000 to 33,000 tonnes.

During the period mine output remained steady. Mill feed for the quarter was 808,599 tonnes grading 1.34%Ni.

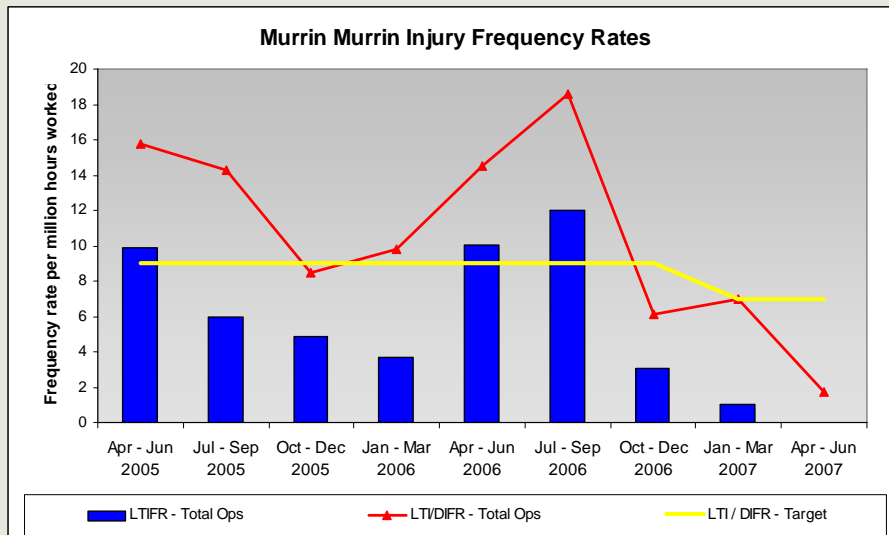
## HEALTH AND SAFETY

There was further improvement in the safety performance of the plant during the period and an LTIFR of 0.00 was achieved in the quarter. This was down from 1.02 in April 2007 and 3.06 in December 2006.

During the quarter, there were five incidents reported under the Mines Safety and Inspection Act.

## ENVIRONMENT

There were four environmental incidents reported during the quarter including a tailings spill of approximately 1000m<sup>3</sup> which has been remediated.



## HEAP LEACH

The heap leach trial is progressing well with over 250,000 tonnes of ore stacked and pads 1 and 2 under leach.

Good percolation rates have been achieved and recovery rates are in line with expectations.

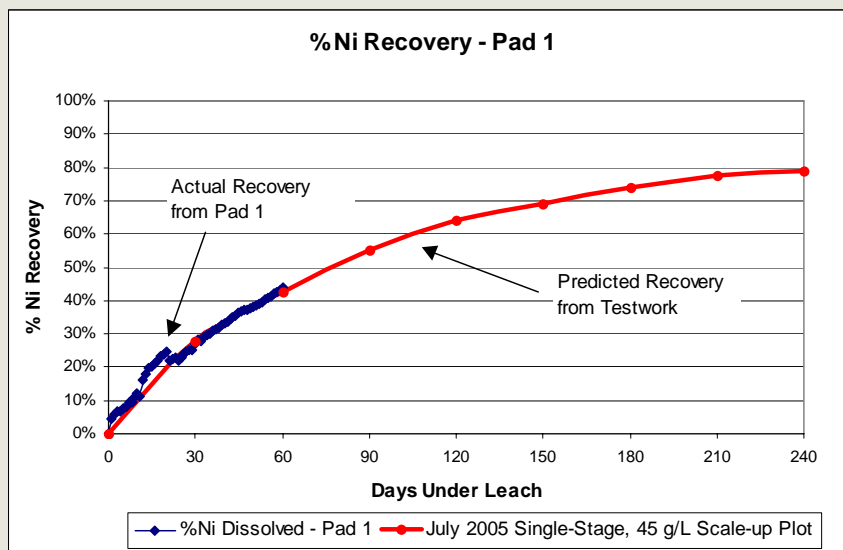
During the period an additional \$25 million capital expansion commenced which will see the addition of pads 3 to 8. Pads 3 and 4 were completed during the quarter. With the current pad capacity the company still expects the plant will produce at approximately 2,000

### HEAP LEACH (*continued*)

tonnes of nickel metal and 150 tonnes of cobalt metal per annum by the end of 2007.

The project is on track and meeting all design expectations and recovery rates. The pad extension should be seen as a positive

indicator of the heap leach demonstration plant's performance to date. However, no decision will be made on further expansion until confirmation of recovery and process integration trials are complete.



### CORPORATE/FINANCIAL

The company's financial performance remains strong notwithstanding the nickel price volatility throughout the quarter. Minara finished the June quarter with cash reserves of \$435 million.

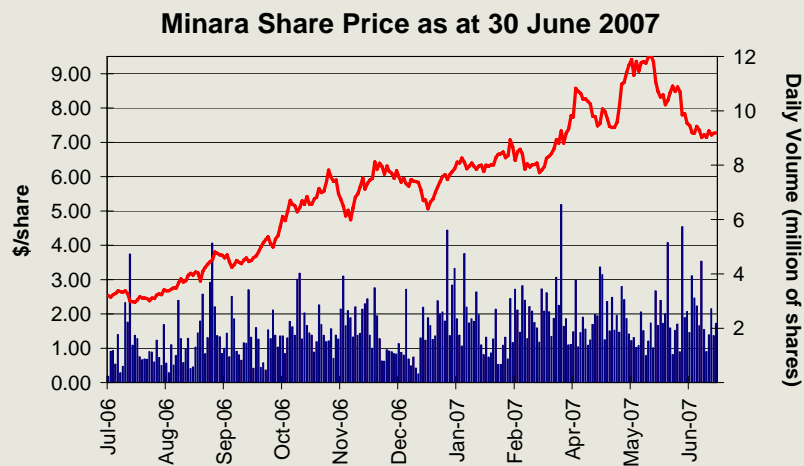
The operations continue to experience cost pressures in line with Western Australia's current economic conditions.

Minara's sales position remains unhedged in both currency and price which has allowed it

to take advantage of the continued strong nickel price.

### CAPITAL PROGRAM

The Grey Mare Borefield was commissioned in April/May and completed on time and under budget. An additional drilling program of \$6.9 million has been allocated to extend the borefield.



**EXPLORATION**

Minara has a \$10.6 million exploration budget allocated for the current year. This includes expenditure allocated for the Murrin Murrin JV.

*Mt Rankin and Collurabbie JVs (Minara Resources earning 70%)*

A drilling program commenced at the Mt Rankin project in which Minara is in joint venture with Gryphon Minerals Ltd. Drilling intersected massive and disseminated sulphides. No economic concentrations of nickel were assayed. However, elevated levels of Zinc (1m @ 1.58% Zn) and Copper (1m @ 0.35% Cu) were assayed. A follow-up TEM

and RC drilling will continue on untested targets. Conductors at Collurabbie will be drill tested in the September quarter. Minara has the right to earn in 70% of the nickel minerals and 60% of other minerals by spending an aggregate of \$5.5 million on exploration over four years on the two projects.

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

Pilot scale test work on cobalt upgrade continued during the quarter and will continue into the September quarter. Results are not expected until late in the September quarter.

## EXPLORATION (continued)

*Bardoc Nickel JV (Minara Resources 51%)*

Drilling of nickel targets on the western zone continued during the quarter. Final results from this drilling are expected early in the September quarter along with further target generation on the remainder of the project.

*Mt Margaret (Murrin Murrin JV 100%)*

No exploration was conducted this quarter

*Weld Range JV (Minara Resources 75%)*

No exploration was conducted this quarter

## NICKEL

After peaking at US\$54,200/t on 16 May 2007 official LME cash settlement prices retreated and closed at US\$35,850/t on 30 June 2007. Fundamentals remain sound driven by Chinese demand. There has been some softening in stainless steel production, particularly in Europe. LME stocks moved from 5,232 tonnes to 8,856 tonnes in the quarter.

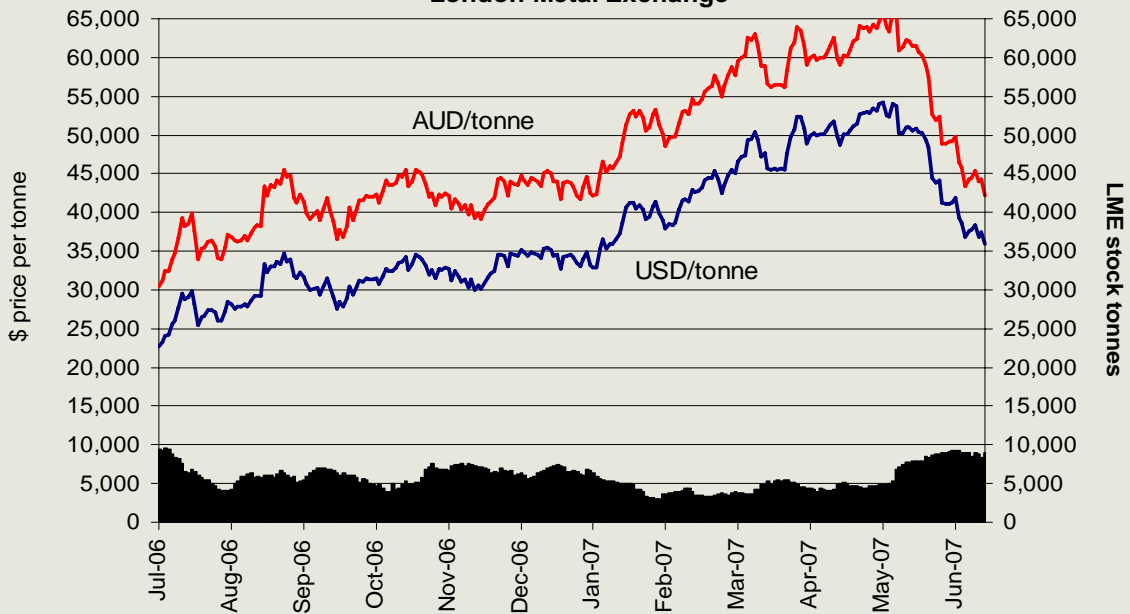
## COBALT

The price for 99.3% cobalt decreased during the quarter, opening at US\$29.00/lb and ending at US\$25.90/lb.

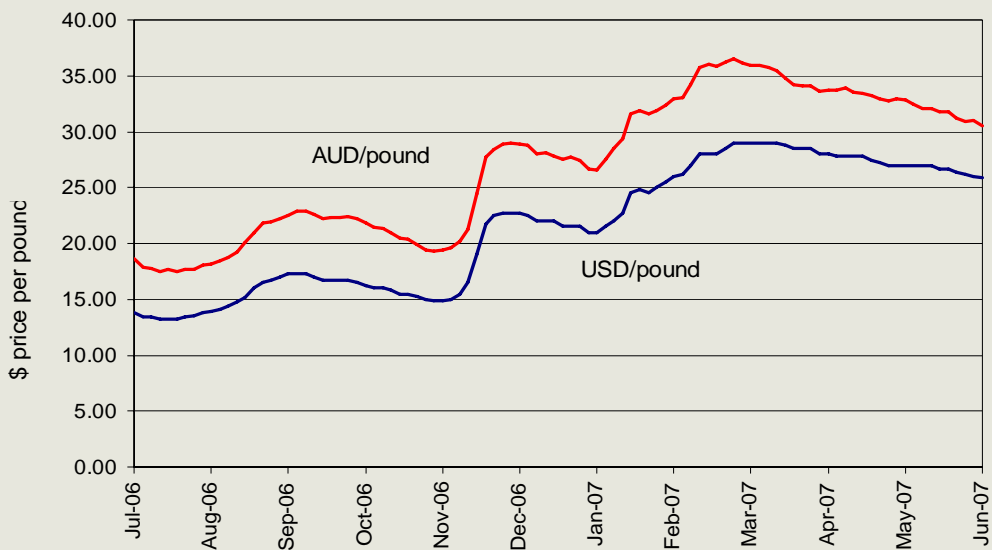
## METAL MARKETS

Commodity Prices	Prices as at 30 Jun 2007	Average for quarter ending 30 Jun 2007	Average for quarter ending 31 Mar 2007	Average for quarter ending 30 Jun 2006
<b>LME Nickel</b>				
US\$ per tonne	35,850	47,982	41,448	20,025
US\$ per lb	16.26	21.76	18.80	9.08
AUD\$ per tonne	42,221	57,657	52,699	26,797
<b>Cobalt</b>				
US\$ per lb	25.90	27.40	25.14	14.06
Exchange Rates AUD:USD	0.8491	0.8322	0.7865	0.7473

### Daily Nickel Cash Price London Metal Exchange



### Cobalt Price Metal Bulletin 99.3% Price



## CEO's REPORT

"Minara continues to enjoy strong cash flows and at the end of the quarter had cash reserves of \$435 million. Our balance sheet remains one of our strongest assets.

"Production trends at the front end of the plant remain encouraging. However, packaged production was affected by scale build-up in the refinery.

"The heap leach trial continues to perform in-line with expectations. The pad extensions are well under way and we continue to progress a range of expansion options."



**P.B. JOHNSTON**

Chief Executive Officer & Managing Director

6 July 2007

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