

QUARTERLY REPORT

31 December 2008



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.

ASX CODE: MRE



SIGNIFICANT EVENTS

- Successful A\$210 million renounceable rights issue complete
- Company is debt free
- Implementation of new business plan complete
- Nickel production of 7,836 tonnes achieved

CORPORATE

On 29 October 2008, Minara announced a fully underwritten renounceable pro rata rights issue. 700,670,353 fully paid ordinary shares were taken up by Minara shareholders at an issue price of A\$0.30 each. The rights issue raised approximately A\$210 million (before costs). The new shares were issued on 5 December 2008.

The rights issue was underwritten by Glencore International AG, whose holding following the rights issue is 70.6%.

Net proceeds from the rights issue were applied to repay short term debt and to fund committed capital expenditure. The remaining funds provide the company with working capital to underpin ongoing operations. The company is debt free.

MURRIN MURRIN OPERATIONS

	Quarter Ended 31 December 2008	Prior Quarter Ended 30 September 2008	Quarter Ended 31 December 2007
Nickel Production (tonnes)	7,836	7,656	6,020
Cobalt Production (tonnes)	506	513	380
Minara's Equity (60%)			
Nickel (tonnes)	4,702	4,594	3,612
Cobalt (tonnes)	304	308	228

Total production of 7,836 tonnes of packaged nickel and 506 tonnes of packaged cobalt was achieved at Murrin Murrin for the three months to 31 December 2008. The company's share is 60%. The previous corresponding three month period saw 7,656 tonnes of packaged nickel and 513 tonnes of packaged cobalt produced. Nickel production improved throughout the quarter.

Mine production achieved its targets throughout the quarter. Autoclave feed for the quarter was 584,199 tonnes grading 1.46% nickel.

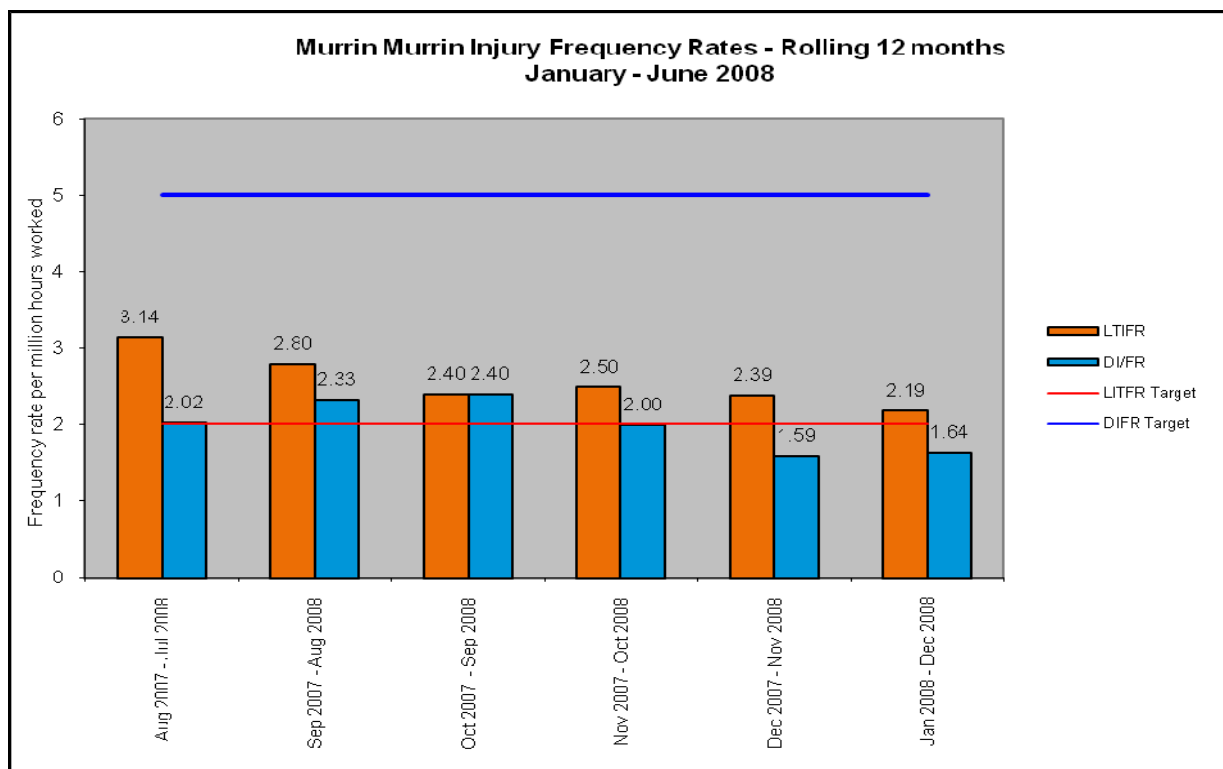
The company continues to remain focussed on cost saving initiatives. The transition to the new business plan was completed during the quarter with reduction in fixed and variable operating costs, capital expenditure, cuts to discretionary expenditure, a new mine plan focussed on low magnesium ores and a reduction in the number of contractors and employees. The full impact of these cost reductions will be realised during 2009.

The quarter's major activities at Murrin Murrin included the construction and commissioning of an upgrade to the refinery which has increased metal powder drying capacity. Another significant activity was the commencement of in-pit deposition of tailings in December following appropriate regulatory approvals. The benefits of the new in-pit facility are increased tailings storage capacity, additional drying and consolidation of tailings at the existing facility and an opportunity to reduce surface area disturbance by filling a mining void which will eventually be rehabilitated.

Although the cost of sulphur rose significantly earlier in the year, there was a sharp decline in the sulphur spot market prices during the quarter, which have been maintained into 2009. It is expected that these price decreases will flow through to the company's long term contracts in 2009. As sulphur is one of Murrin Murrin's major input costs, this will positively impact Murrin Murrin's overall operating costs.

SAFETY & HEALTH

The LTI/FR 12 month rolling average has decreased to 2.19. The DI/FR 12 month rolling average has increased to 1.64 but remains below the target of 5.



ENVIRONMENT

There were no reportable environmental incidents for the quarter.

EXPLORATION

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

Collurabbie - A diamond drill hole was completed to test a discrete coincident ground electromagnetic and aeromagnetic anomaly. The drill hole intersected the target zone as planned however the sulphides intersected were low in nickel. Final assays for a previously conducted aircore drilling program (54 drill holes for 2,148m)

returned anomalous nickel results, the best of which was 4m @ 0.75%Ni from 36 metres depth. A detailed regolith and geological mapping study was also completed during the quarter.

Mt Rankin - No significant work completed during the quarter.

Minara has the right to earn in 70% of the nickel minerals from Gryphon Minerals Ltd by spending an aggregate of \$5.5 million on exploration over four years on the two projects.

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

No exploration was conducted this quarter.

Bardoc Nickel Project (Minara Resources 100%)

No exploration was conducted this quarter.

Mt Margaret (Murrin Murrin JV)

No exploration was conducted this quarter.

Weld Range JV (Minara Resources 75%)

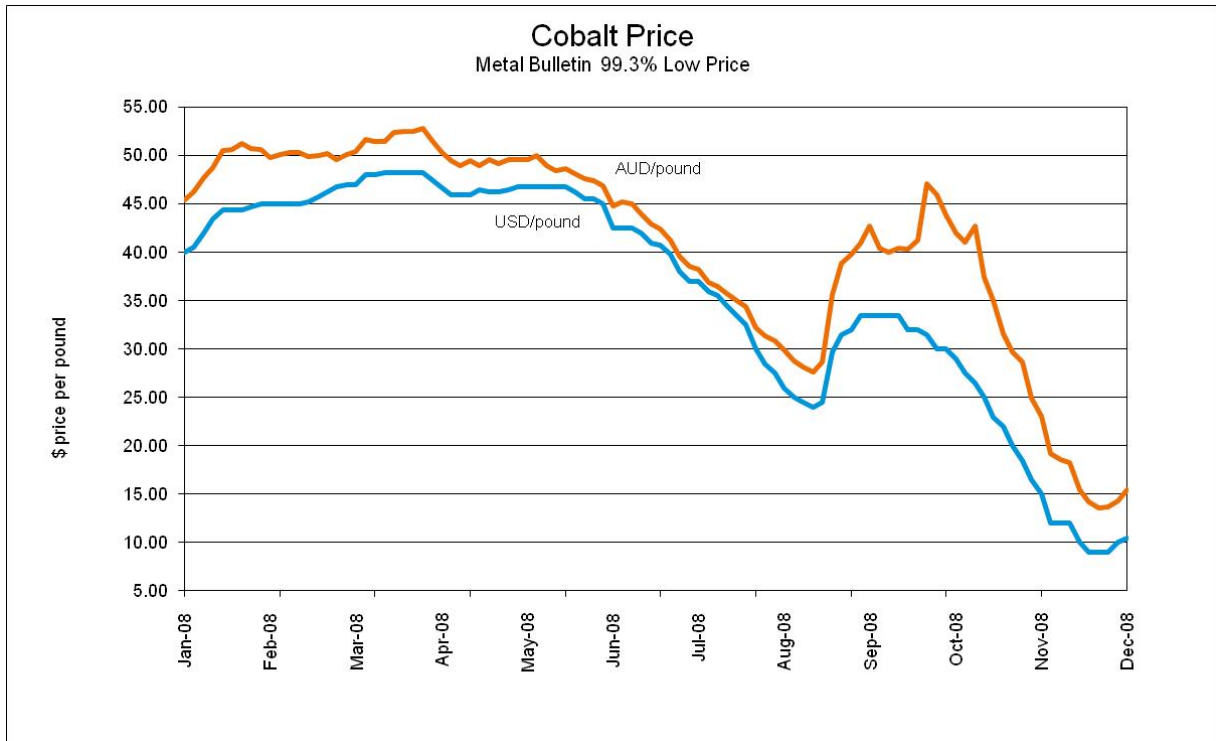
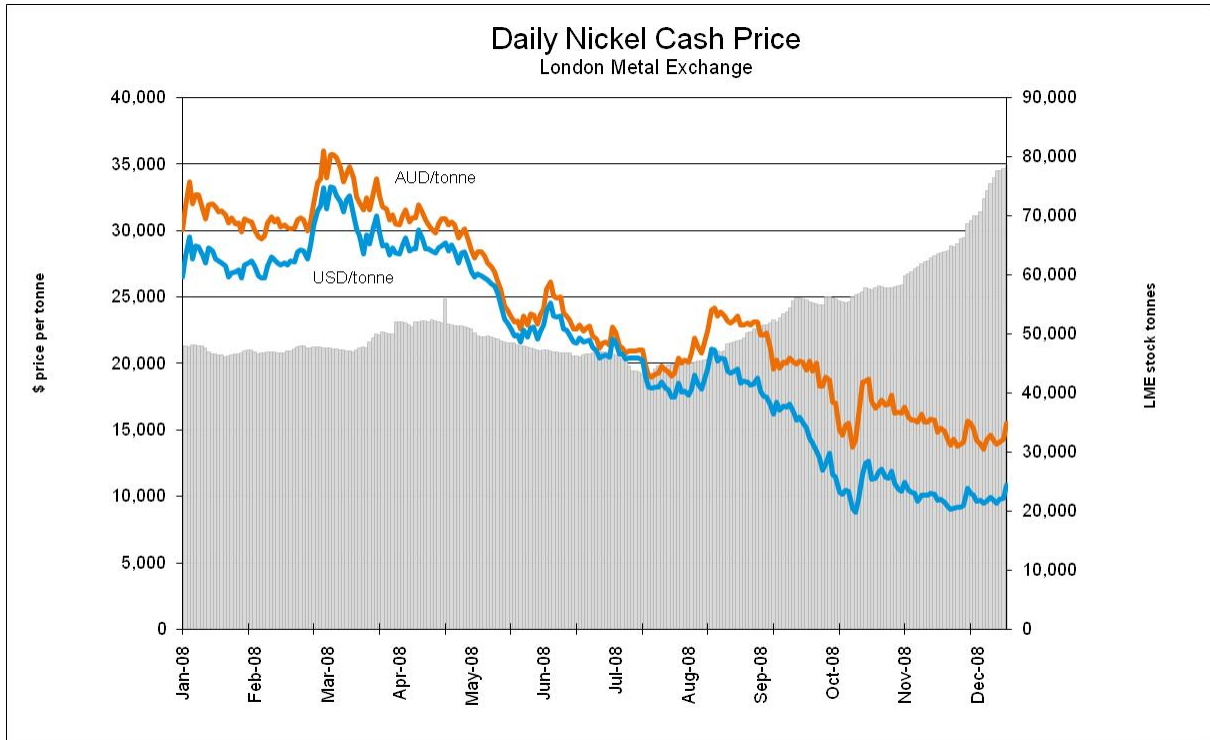
No exploration was conducted this quarter.

METAL MARKETS

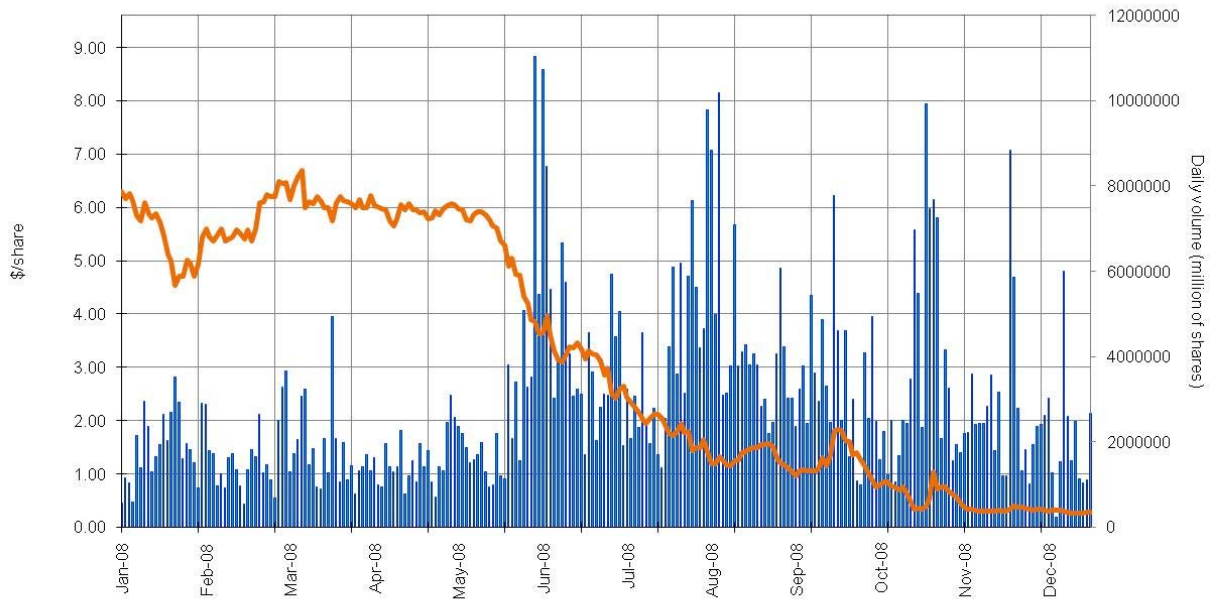
The nickel market continues to be volatile with prices this quarter continuing the downward trend seen throughout 2008.

Despite the current weak demand for all metals Minara believes the nickel market fundamentals remain sound over the medium to longer term. Whilst the cobalt price also declined during the quarter, it remains an important revenue stream for the company.

Commodity Prices	Prices as at 31 December 2008	Average for quarter ending 31 December 2008	Average for quarter ending 30 September 2008	Average for quarter ending 31 December 2007
LME Nickel				
US\$ per tonne	10,810	10,885	18,980	29,453
US\$ per lb	4.90	4.94	8.61	13.36
AUD\$ per tonne	15,480	16,160	21,376	33,097
Cobalt				
US\$ per lb	10.50	19.67	31.62	32.13
Exchange Rates AUD:USD	0.6983	0.6736	0.8879	0.8899



Minara Share Price



CEO'S COMMENTS

"I am pleased to report that the successful rights issue coupled with our new business plan and the actions we have taken in the last six months to reduce our costs has ensured Minara's operations in difficult economic and market circumstances.

"The rights issue was fully underwritten by our major shareholder, Glencore International AG. The importance of this underwriting should not be underestimated as it was crucial in a very tough financial market. Glencore's shareholding in the company has increased to 70.6% and we welcome their continued support.

"We believe that the sulphur price having peaked in September 2008 is rapidly returning to historic levels. We closed out 2008 with an improving production profile, a strong balance sheet, no debt and strong cash reserves."

P. B. Johnston .

PB JOHNSTON
Managing Director & CEO

20 January 2009

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The information in this report that relates to Exploration Results is based on information compiled by Mr David Selfe. Mr Selfe is a Member of the Australasian Institute of Mining and Metallurgy. Mr Selfe is a full time employee of Minara Resources Ltd. Mr Selfe has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Selfe consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.