

QUARTERLY REPORT

30 September 2010



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

- Production of 7,358 tonnes nickel
- \$111 million return of capital completed
- Preparations for planned major triennial shutdown complete
- 2010 production guidance revised to 28,000 – 30,000 tonnes

MURRIN MURRIN OPERATIONS

| | Quarter Ended 30 September 2010 | Quarter Ended 30 June 2010 | Quarter Ended 30 September 2009 |
|------------------------------|------------------------------------|-------------------------------|------------------------------------|
| Nickel Production (tonnes) | 7,358 | 6,680 | 8,698 |
| Cobalt Production (tonnes) | 520 | 459 | 754 |
| Minara's Equity (60%) | | | |
| Nickel (tonnes) | 4,415 | 4,008 | 5,219 |
| Cobalt (tonnes) | 312 | 275 | 452 |

Total production of 7,358 tonnes of packaged nickel and 520 tonnes of packaged cobalt was achieved at Murrin Murrin for the three months to 30 September 2010. Minara's share is 60 percent. The previous corresponding three month period saw 8,689 tonnes of packaged nickel and 754 tonnes of packaged cobalt produced.

Production was impacted in September by the failure of a steam turbine five days after its major overhaul, requiring an instantaneous plant shutdown. Ore-leach also was impacted and there was a temporary destabilisation of plant chemistry.

The quarter also featured preparation for the major triennial statutory plant shutdown and refurbishments, which commenced on 1 October 2010. Sections of the plant and plant performance were impacted by preparations for the shutdown which is progressing satisfactorily to date. The shutdown is scheduled for completion by the end of October.

Production guidance for the 2010 calendar year has been revised to 28,000 – 30,000 tonnes of nickel (Minara's share 60%).

Autoclave feed for the quarter was 718,502 tonnes of ore grading 1.27% nickel.

CORPORATE / FINANCIAL

Cash on hand

Cash on hand at 30 September 2010 was \$220 million (30 June 2010 \$363 million).

The largest item contributing to the decrease in cash and cash equivalents for the quarter was the \$111 million return of capital, paid on 6 September 2010. Other contributing items were reduced revenue flowing through to the balance sheet from the lower metal production delivered in June and July following the train-one autoclave inlet pipeline failure, \$13 million of negative provisional pricing adjustments, and payment for items required for the statutory shutdown. Minara's nickel and cobalt revenue is priced in US dollars, with the majority of input costs denominated in Australian dollars (with the exception of sulphur and some maintenance parts). Consequently, the strength of the Australian dollar has also had a negative impact on the cash position.

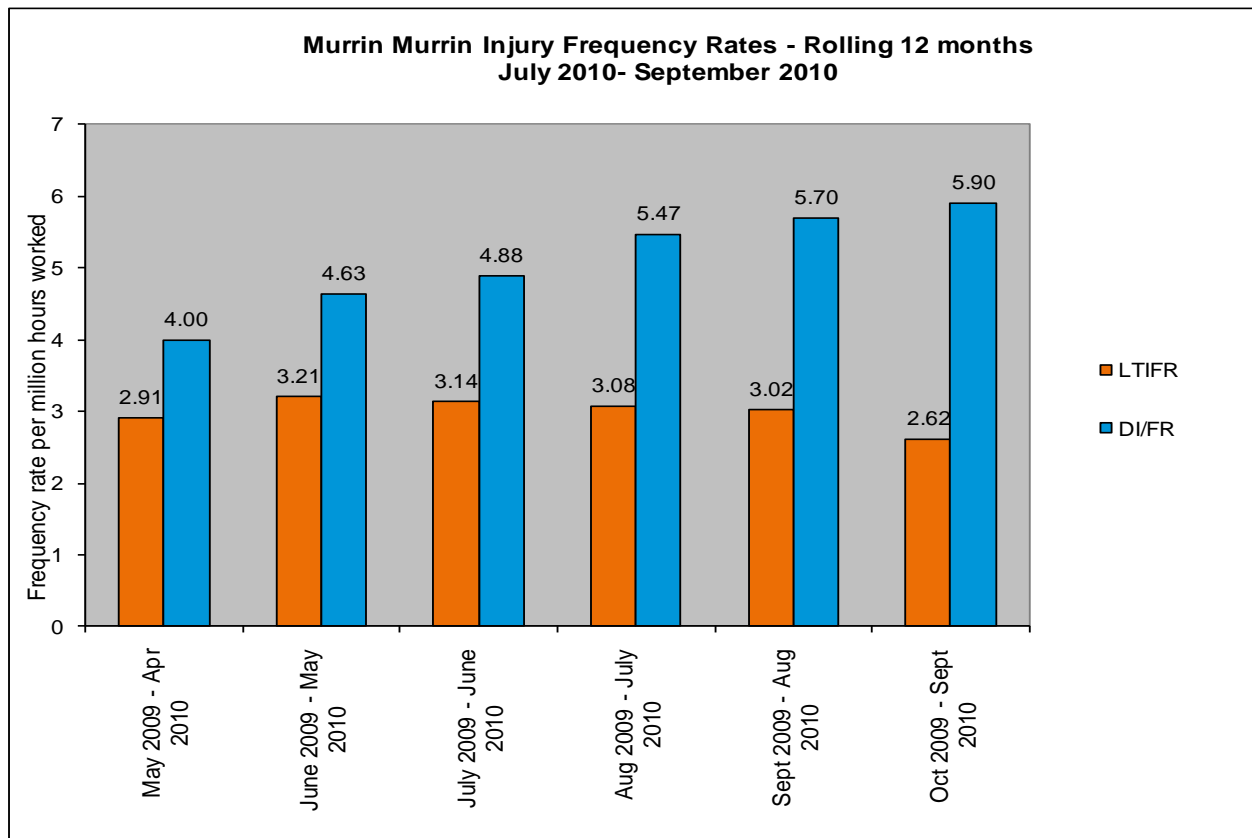
Minara's sales position remains unhedged in both currency and price.

HEALTH AND SAFETY

The LTI/FR 12 month rolling average is 2.62.

The DI/FR 12 month rolling average is 5.9057.

While the decrease to the LTI/FR is encouraging, the company continues to focus heavily on implementing comprehensive safety initiatives across the business.



ENVIRONMENT

There were no reportable environmental incidents for the quarter.

EXPLORATION

Bardoc Nickel Project (Minara Resources 100%)

Drill planning continued in the September quarter.

Marshall Pool (Mt Margaret) (Murrin Murrin JV 100%)

Scoping studies assessing the viability of processing a portion of Marshall Pool material at the Murrin Murrin operation continued. A literature and data review was completed during the quarter. Sample selection for further analytical tests will be carried out in the December quarter. These studies are focusing on the upgradability of this significant nickel laterite mineralisation and generation of an updated resource model.

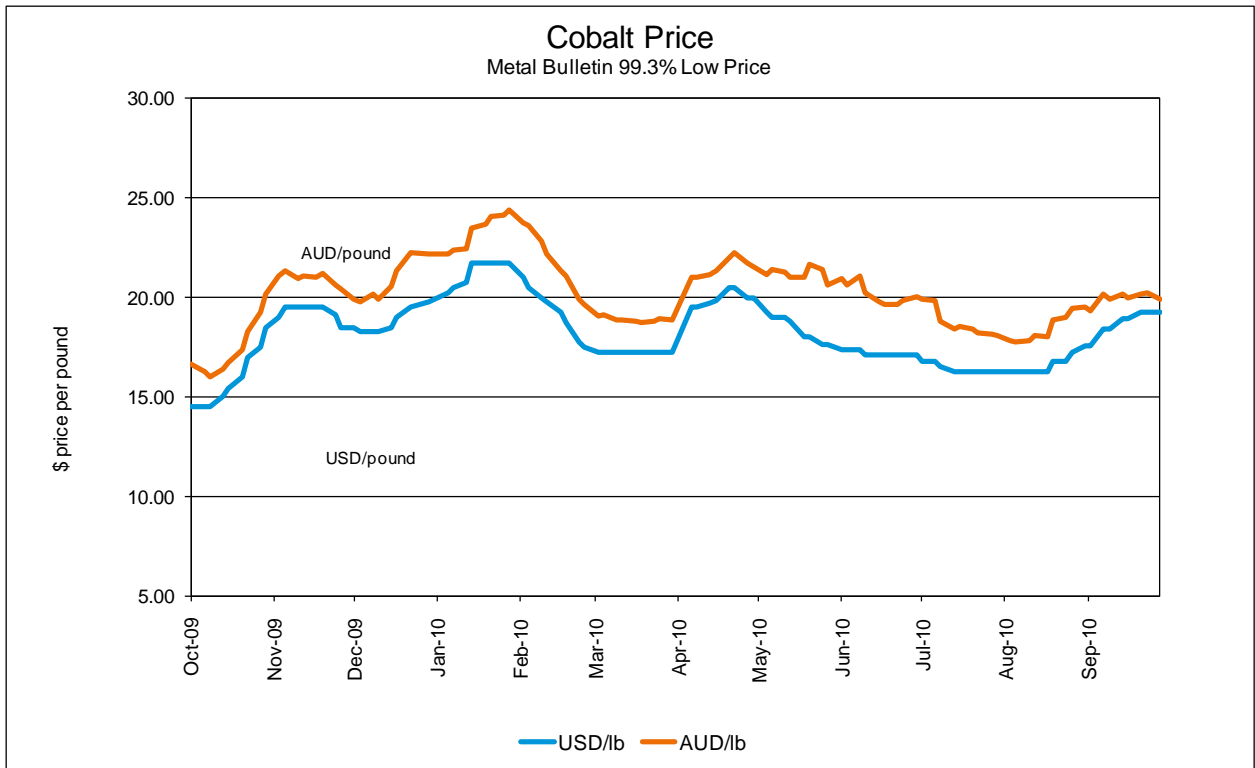
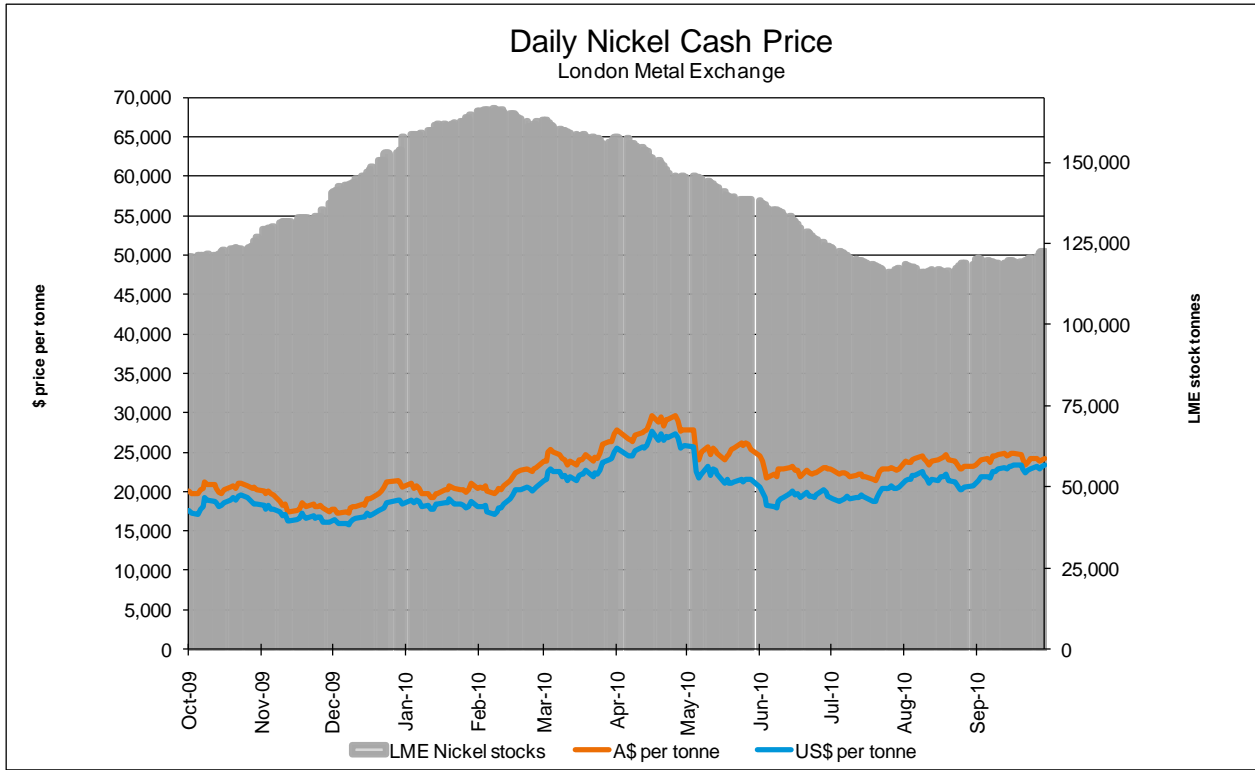
METAL MARKETS

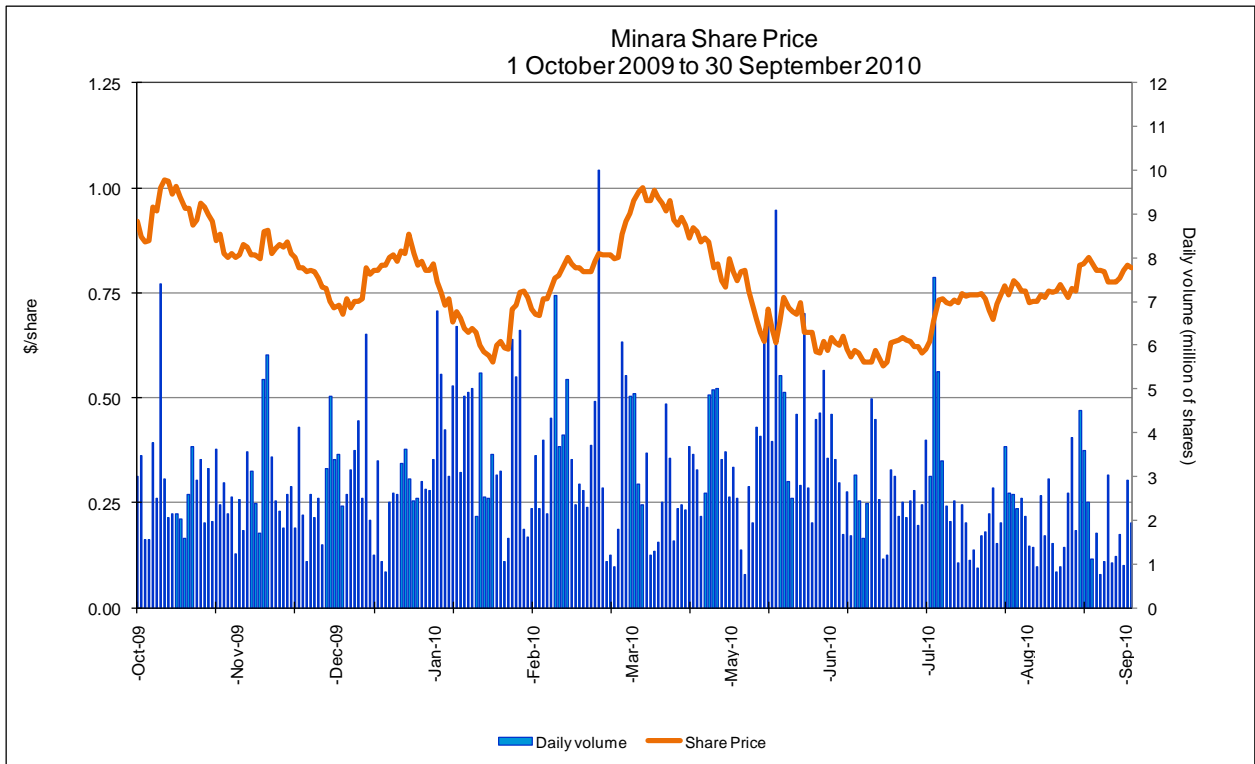
The London Metal Exchange (LME) nickel spot prices declined to US\$18,735 per tonne on 19 July 2010 and then recovered closing the reporting period at US\$23,390 per tonne.

For the majority of the quarter LME nickel stock levels sat just below 120,000 tonnes, falling as low as 115,950 tonnes on 27 July 2010, before closing the reporting period at 122,556 tonnes.

The cobalt price increased during the second half of the quarter. The price declined to US\$16.25 per lb on 14 July 2010 where it remained until 18 August 2010, before rising steadily to close the reporting period at \$US19.25 per lb.

| Commodity Prices | Prices as at 30 September 2010 | Average for quarter ending 30 September 2010 | Average for quarter ending 30 June 2010 | Average for quarter ending 30 September 2009 |
|-----------------------------------------------|--------------------------------------|-------------------------------------------------------|--------------------------------------------------|-------------------------------------------------------|
| LME Nickel Cash Seller & Settlement | | | | |
| US\$ per tonne | 23,390 | 21,188 | 22,382 | 17,614 |
| US\$ per lb | 10.61 | 9.61 | 10.15 | 7.99 |
| AUD\$ per tonne | 24,196 | 23,458 | 25,368 | 21,153 |
| Cobalt | | | | |
| US\$ per lb | 19.25 | 17.20 | 18.46 | 16.79 |
| Exchange rate AUD:USD | 0.9667 | 0.9032 | 0.8823 | 0.8327 |





CEO'S COMMENTS

"The planning, logistics and execution of the major triennial statutory shutdown currently underway at Murrin Murrin should not be underestimated. We have prepared diligently for this event. However, we are aware the only true measure of the shut will be delivering the successful restart in late October.

"The main reason we revised our production guidance was due to the failure of a major power generation unit at Murrin Murrin in September. The unit has returned to normal production.

"Nickel and cobalt prices have remained robust during the reporting period yet we are alert to the impacts of the Australian dollar movements on our balance sheet.

"From a financial perspective I am pleased to report we have maintained a strong cash position after returning \$111 million to all eligible shareholders in the first weeks of September 2010."



Peter Johnston
Managing Director and CEO
13 October 2010

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The information in this report that relates to Metallurgical Results is based on information compiled by Mr John O'Callaghan. The information in this report relating to Exploration Results is based on information compiled by Mr David Selfe. Both Mr O'Callaghan and Mr Selfe are Members of the Australasian Institute of Mining and Metallurgy. Mr O'Callaghan and Mr Selfe are full time employees of Minara Resources Limited. Mr O'Callaghan and Mr Selfe have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which each is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr O'Callaghan and Mr Selfe consent to the inclusion in the report of the matters based on the information each has provided in the form and context in which it appears.