MINARA RESOURCES LIMITED

ASX CODE: MRE
ABN 23 060 370 783

19 September 2011

Company Announcements Platform
Australian Securities Exchange Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Target's Statement - Takeover Offer by Glencore

Dear Sir/Madam

In accordance with item 14 of section 633(1) of the Corporations Act 2001 (Cth), attached is a copy of the Target's Statement of Minara Resources Limited and Independent Expert's Report in relation to the off-market takeover offer by Glencore Investment Pty Ltd ACN 076 513 034.

Yours Faithfully
Minara Resources Limited

Cynthia Sargent
Company Secretary

MINARA RESOURCES

MINARA RESOURCES LIMITED
ACN 060 370 783

TARGET'S STATEMENT

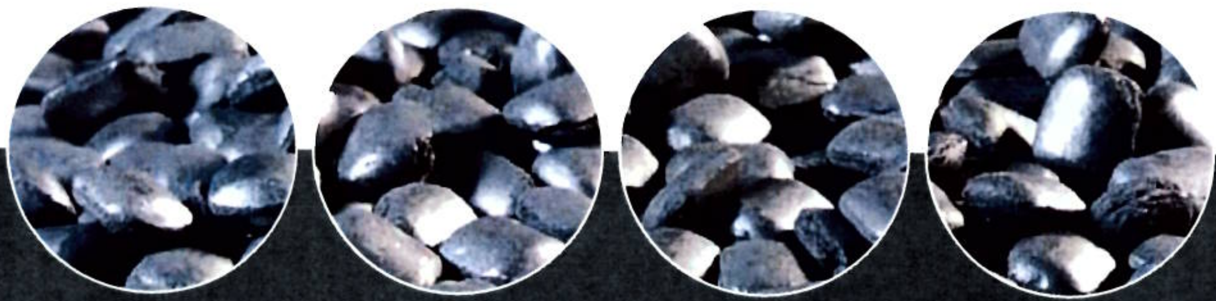
in response to the Glencore Offer to acquire all of your Minara Shares

The Independent Directors of Minara unanimously recommend that you

ACCEPT

the Glencore Offer to purchase all of your Minara Shares.

This is an important document and requires your immediate attention. If you are in doubt as to how to deal with this document, you should consult your financial or other professional adviser immediately.



Financial Adviser

MACQUARIE

Legal Adviser

CLAYTON UTZ

Important notices

Nature of this document

This document is a Target's Statement issued by Minara Resources Limited ACN 060 370 783 (**Minara**) in accordance with the Corporations Act in response to the Bidder's Statement dated 24 August 2011 issued by Glencore Investment Pty Ltd ACN 076 513 034 (**Glencore**) in respect of the Glencore Offer.

Defined terms and interpretation

Capitalised terms used in this Target's Statement are defined in Section 8 of this Target's Statement (Definitions and interpretation). That Section also sets out some rules of interpretation which apply to this Target's Statement. In addition, unless the contrary intention appears or the context requires otherwise, words and phrases used in the Corporations Act have the same meaning and interpretation as in the Corporations Act.

Investment decision

The Independent Directors recommend that you read this Target's Statement and the Bidder's Statement in full and seek independent advice if you have any queries in respect of the Glencore Offer. This Target's Statement does not take into account the individual investment objectives, financial situation and particular needs of any Minara Shareholder. You should seek independent financial, taxation and legal advice before making a decision whether or not to accept the Glencore Offer.

Forward-looking statements

This Target's Statement may contain forward-looking statements, which include statements other than statements of historical fact. Minara Shareholders should note that such statements are subject to inherent risks and uncertainties in that they may be affected by a variety of known and unknown risks, variables and other factors, many of which are beyond the control of Minara. Actual results, values, performance or achievements may differ materially from results, values, performance or achievements expressed or implied in any forward-looking statement.

None of Minara, its Directors, officers or advisers, nor any other person, gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Target's Statement will actually occur. Accordingly, you are cautioned not to place undue reliance on these forward-looking statements.

The forward-looking statements in this Target's Statement only reflect views held as at the date of this Target's Statement.

Responsibility

The Independent Expert's Report, included as Attachment 1 of this Target's Statement, has been prepared by the Independent Expert for the purposes of this Target's Statement and the Independent Expert takes responsibility for that report except in respect of the factual content for which Minara is responsible. Minara does not accept or assume any responsibility for the accuracy or completeness of the Independent Expert's Report, other than the factual information provided by Minara to the Independent Expert for the purposes of the Independent Expert's Report.

ASIC and ASX

A copy of this Target's Statement was lodged with ASIC on 19 September 2011 and provided to the ASX on 19 September 2011. Neither ASIC nor ASX, nor any of their respective officers, takes any responsibility for the content of this Target's Statement.

Information on Glencore

The information on Glencore contained in this Target's Statement has been prepared by Minara from publicly available information, and has not been independently verified by Minara. Accordingly, Minara does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

Contents

Key dates

Date of Glencore Offer	24 August 2011
Date Glencore declared the Glencore Offer unconditional	15 September 2011
Date of this Target's Statement	19 September 2011
Scheduled close of Glencore Offer (unless extended or withdrawn)	7.00 pm (EST) / 4.00 pm (WST), 10 October 2011

Further information

Minara has established a shareholder information line which Minara Shareholders may call if they have any queries in relation to the Glencore Offer (**Minara Information Line**). The telephone number for the Minara Information Line is 1800 217 828 (for calls made from within Australia) or +61 8 9382 8300 (for calls made from outside Australia) between 8.00 am and 5.00 pm (WST) Monday to Friday.

Further information relating to the Glencore Offer can be obtained from Minara's website at www.minara.com.au

Letter from the Chairman

19 September 2011

Dear Fellow Shareholders

On 24 August 2011, Glencore Investment Pty Ltd (**Glencore**) announced a takeover offer (the **Glencore Offer**) for all of the shares in Minara Resources Limited (**Minara**).

Glencore is offering to acquire all of your Minara Shares for $0.87 cash per share.

Following the announcement of the Glencore Offer, we established an independent committee of the Minara board to consider the Glencore Offer. The independent committee comprised John Morrison, Peter Johnston and me. The three of us are referred to in this Target's Statement as the "Independent Directors".

The other two directors of Minara are Ivan Glasenberg and Markus Ocskay. Mr Glasenberg is the Chief Executive Officer of Glencore International AG and Mr Ocskay is a director of Glencore Investment Pty Ltd and a senior executive employed by Glencore International AG. Given their roles with Glencore, Mr Glasenberg and Mr Ocskay did not participate in any way in the review of the Glencore Offer and they do not consider that it is appropriate for them to make a recommendation to Minara shareholders.

KPMG Corporate Finance (Aust) Pty Ltd (**KPMG**) was appointed to prepare an independent expert's report on the Glencore Offer. Macquarie Capital (Australia) Pty Ltd and Clayton Utz were appointed to advise Minara on the Glencore Offer.

The Independent Directors of Minara have carefully considered the Glencore Offer and for the reasons summarised below and outlined in more detail in the following pages, we unanimously recommend that you ACCEPT the Glencore Offer.

In summary, our recommendation is based on a number of factors:

- Our opinion that the offer price of $0.87 cash per share represents a fair reflection of the underlying value of your Minara shares.
- The opinion of the Independent Expert that the Glencore Offer is fair and reasonable.
- The fact that the offer price represents a significant premium to the recent trading prices of Minara shares prior to the announcement of the Glencore Offer.
- The fact that there is no practical possibility of a superior competing proposal emerging.
- The potential that if Glencore does not proceed to compulsory acquisition of all Minara Shares, the market value and the liquidity of your Minara shares may fall.

These factors and a number of other reasons are explained in more detail in the following pages.

Each of the Independent Directors intends to accept the Glencore Offer in respect of all of the Minara Shares they own or control.

The Glencore Offer is scheduled to close at 7.00 pm (EST) / 4:00 pm (WST) on 10 October 2011. To accept the Glencore Offer, simply follow the instructions outlined in the Bidder's Statement, the Acceptance Form and Section 5.1 of this Target's Statement. No action is required if you decide not to accept the Glencore Offer.

I encourage you to read this document carefully and, if you need any more information, I recommend that you seek professional advice or call the Minara Information Line on 1800 217 828 (for calls made from within Australia) or +61 8 9382 8300 (for calls made from outside Australia) between 8 am and 5 pm (WST) Monday to Friday. We will also post updates on our website at www.minara.com.au.

Yours sincerely

Malcolm Macpherson
Chairman

1. Reasons why you should accept the Glencore Offer

This Section 1 summarises the key reasons why the Independent Directors unanimously recommend to Minara Shareholders that they ACCEPT the Glencore Offer.

The Glencore Offer comprises $0.87 cash per Minara Share and is unconditional.

1.1 The Glencore Offer is recommended by the Independent Directors

The Independent Directors have carefully considered the Glencore Offer and unanimously recommend that Shareholders accept the Glencore Offer.

In forming this recommendation, the Independent Directors have considered, amongst other things:

- the present and future growth prospects of Minara;
- internal estimates of underlying value based on input provided by Minara management and advice provided by Minara's financial adviser, Macquarie;
- the premium implied by the Glencore Offer to recent market values of Minara shares prior to the announcement of the Glencore Offer;
- the upside and downside risks of Minara and its assets; and
- the opinion of the Independent Expert.

The Independent Directors confirm that they intend to accept the Glencore Offer for all of the Minara Shares that they own or control.

1.2 The Independent Expert's opinion is that the Glencore Offer is fair and reasonable

The Independent Expert, KPMG, has assessed the fair value of a Minara Share at between $0.70 and $0.97.

The Independent Expert's Report, included as Attachment 1 to this Target's Statement, provides the reasons for KPMG's opinion. The Independent Directors recommend that you read the Independent Expert's Report in full prior to accepting the Glencore Offer.

In summary, KPMG's opinion is that the Glencore Offer is fair and reasonable to non-associated shareholders as the value of the consideration to be received by non-associated shareholders falls comfortably within and above the mid-point of KPMG's assessed fair market value for a Minara share.

KPMG also outlines a range of other matters that non-associated shareholders may wish to consider in deciding whether to accept the Glencore Offer and you should refer to Attachment 1 to this Target's Statement for KPMG's full report including these other matters.

1.3 The Offer Consideration represents a significant premium to recent trading prices of Minara Shares

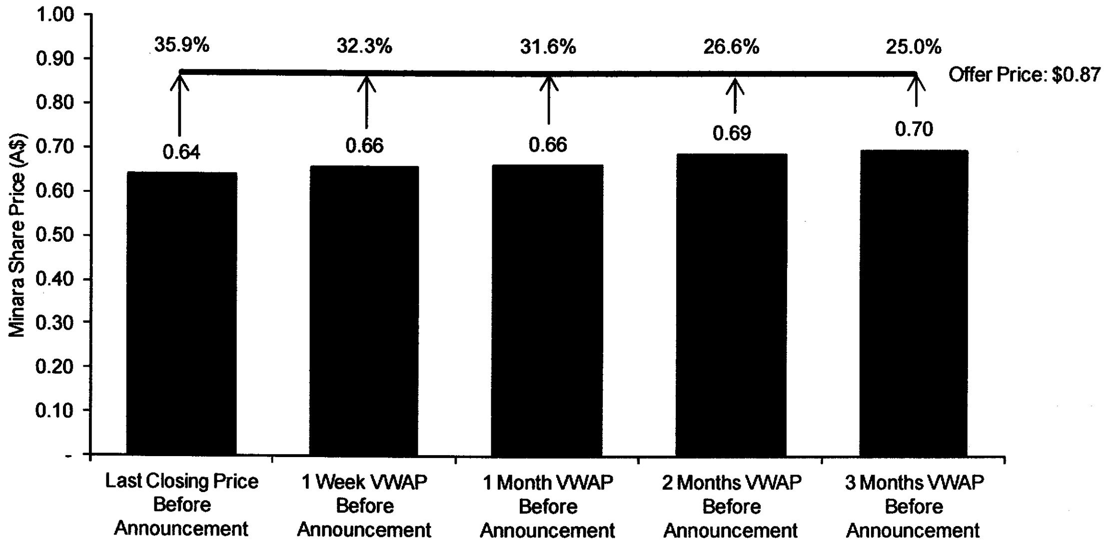
The $0.87 cash per share offer from Glencore represents an attractive premium to the levels at which Minara shares have recently been trading (prior to the announcement of the Glencore Offer), including:

- A premium of 35.9% to the Minara closing share price on ASX on 23 August 2011, being the last trading day prior to the announcement of the Glencore Offer;

- A premium of 31.6% to the one month volume weighted average price (VWAP) of Minara Shares on ASX up to and including 23 August 2011; and

- A premium of 26.6% to the two month VWAP of Minara shares on ASX up to and including 23 August 2011.

Figure 1 – Glencore Offer price premium to Minara Share price[1]



Source: IRESS

1.4 No practical possibility of a superior proposal emerging

Prior to announcing the Glencore Offer, Glencore held a Relevant Interest of 73.44% in Minara's Shares.

Glencore has since increased its ownership in Minara, and according to the notice released by Glencore on ASX on 15 September 2011 declaring the Glencore Offer unconditional, Glencore held 73.54% voting power in Minara. Glencore also holds a 40% direct equity interest in the Murrin Murrin Joint Venture.

As at the date of this Target's Statement, no third party had indicated any interest in making a competing proposal.

Glencore's current shareholding in Minara precludes any third party from acquiring the minimum 90% ownership level required to proceed to compulsory acquisition under the Corporations Act without Glencore accepting the terms of the offer. This controlling interest also prevents any third party from acquiring control of Minara without Glencore's approval.

Consequently, the Independent Directors believe that the prospect of a superior offer emerging is remote.

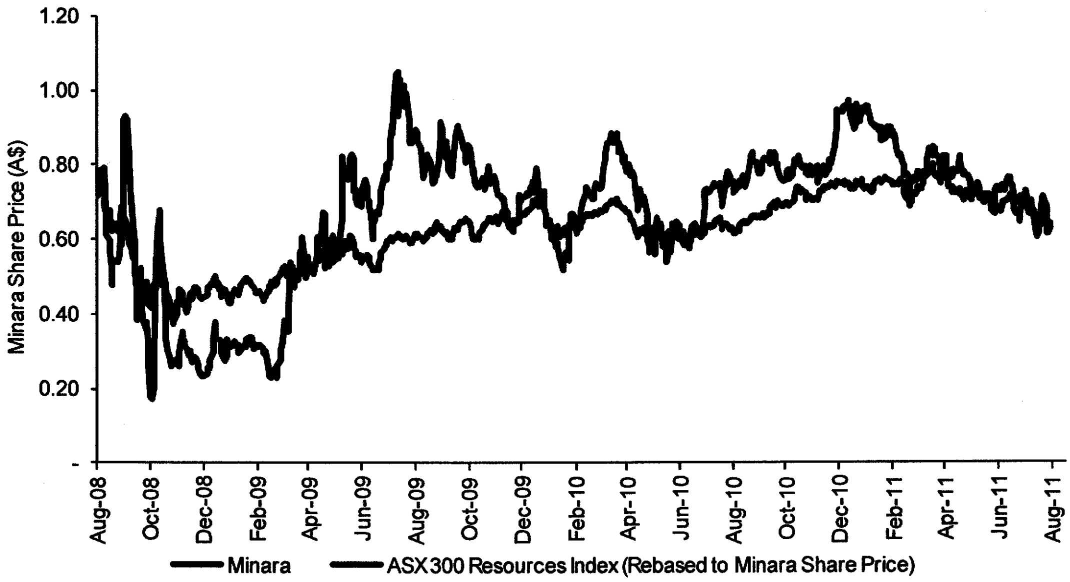
[1] The 1 week and 1, 2 and 3 month VWAPs are based on calendar days up to and including 23 August 2011 (the day before the Glencore Offer was announced).

1.5 Risks of not accepting the Glencore Offer

Minara Share price may fall

The price of Minara Shares prior to the announcement of the Glencore Offer on ASX since 1 January 2010 is shown on the graph below.

Figure 2 – Minara Share price performance against the S&P ASX 300 Resources Index since January 2010 (prior to the announcement of the Glencore Offer)



Source: IRESS, company reports

Between 24 August (the date on which the Glencore Offer was announced) and 15 September 2011, approximately 131 million Minara Shares (representing approximately 11% of the total issued share capital of Minara) have been traded on the ASX.

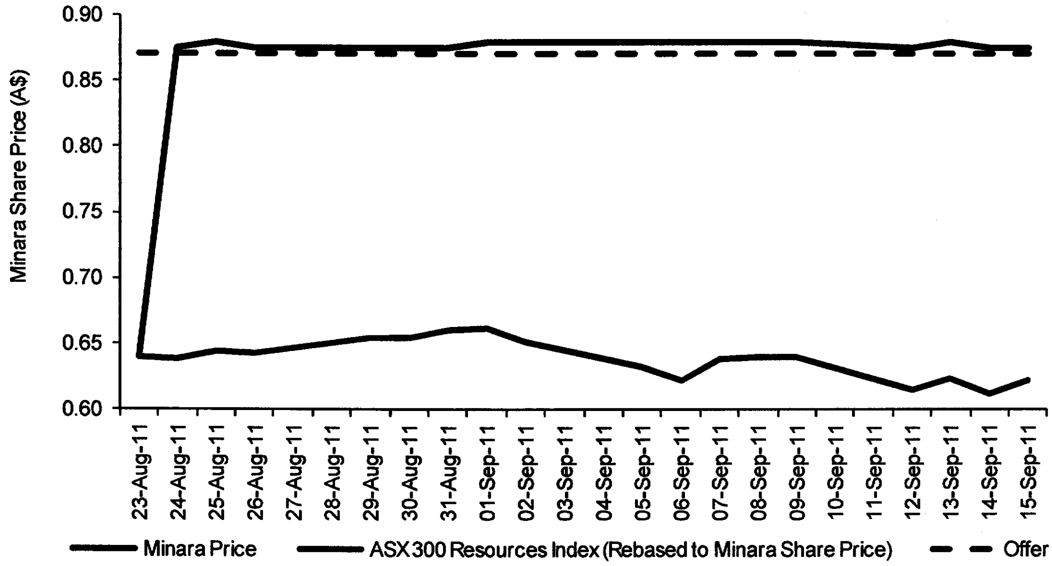
If Glencore does not proceed to compulsory acquisition of the Minara Shares, there is likely to be a significant reduction in trading liquidity in Minara Shares and the Independent Directors believe that could have a negative impact on the future share price of Minara.

In addition, Minara's share price performance prior to the Glencore Offer was more volatile than, but broadly trended in accordance with, the S&P/ASX 300 Resources Index over the period from January 2010 to August 2011 (refer to Figure 2).

However, the Minara Share price since the Glencore Offer announcement has been supported by the Offer Consideration (refer to Figure 3), thereby protecting Minara Shareholders against the current volatile and uncertain trading environment.

Since the announcement of the Glencore Offer, the S&P/ASX 300 Resources Index has fallen 2.81% to 4,964 as at 15 September 2011. Such a fall in the S&P/ASX 300 Resources Index implies a pre-Glencore Offer Share price for Minara of $0.62.

Figure 3 – Minara Share price performance against the S&P ASX 300 Resources Index since the Glencore Offer was announced



Source: IRESS, company reports

Minara Share price volatility

Minara's share price has been quite volatile over the past 18 months relative to the broader market, reflecting not only company-specific performance but also volatility in relevant commodity prices and exchange rates. The price of a Minara Share is influenced by a number of macroeconomic factors outside Minara's control.

Commodity price volatility

Minara's revenues are highly sensitive to the prices of nickel and cobalt, internationally traded commodities that are influenced by a variety of factors outside Minara's control.

Accepting the cash consideration offered by Glencore allows Minara Shareholders to realise their investment in Minara and mitigate the risks that Minara Shareholders might face should either nickel or cobalt prices fall below their current levels.

Exchange rate volatility

The pricing currency for nickel and cobalt is US dollars. Minara is thus exposed to movements in the Australian dollar relative to the US dollar, which has been particularly volatile over the past 12 months.

Accepting the cash consideration offered by Glencore will protect Minara Shareholders from the risk of further adverse movements in the currency, which may have a negative impact on the price of Minara Shares.

Operational risks

The Murrin Murrin ore is nickel laterite, which requires substantial treatment and processing prior to sale. The complexity in extraction and processing of this laterite ore means Minara is exposed to significant operational risks. Minara's half yearly results provided commentary on some operational difficulties that Minara has experienced during 2011, which impacted production.

Glencore's offer to pay $0.87 in cash per Minara Share protects Minara Shareholders against possible adverse movements in the price of a Minara Share should Murrin Murrin experience further operational difficulties in the future.

Sulphur

The Murrin Murrin operations require a substantial amount of sulphur to create a saleable product. Sulphur is subject to significant price volatility. Minara currently achieves partial protection against material adverse risks through contracts with sulphur suppliers.

Regulatory risks

The Federal Government's proposed carbon tax, should the tax be introduced, is likely to impact Minara's earnings in the future. This and other risk factors are discussed in Section 3.9 of this Target's Statement.

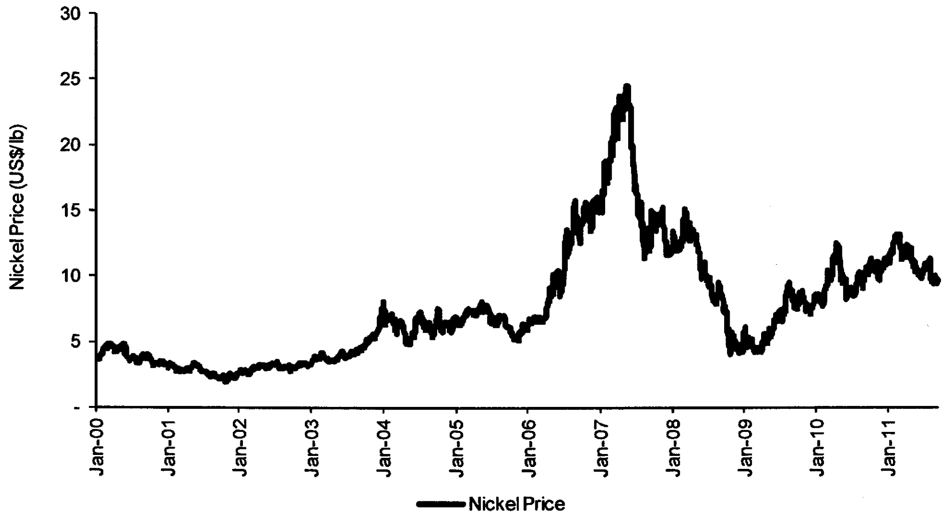
1.6 Exposure to the nickel price

Minara's primary business activity involves the production and sale of nickel and cobalt. Minara's revenues are thus highly sensitive to the prices of these commodities. Prices are driven by international supply and demand dynamics that are influenced by a variety of factors outside Minara's control.

Nickel has experienced significant price volatility in recent years, with Macquarie Equities labelling it the most volatile of the base metals (excluding molybdenum), as shown below (see Figures 5, 6 and 7).

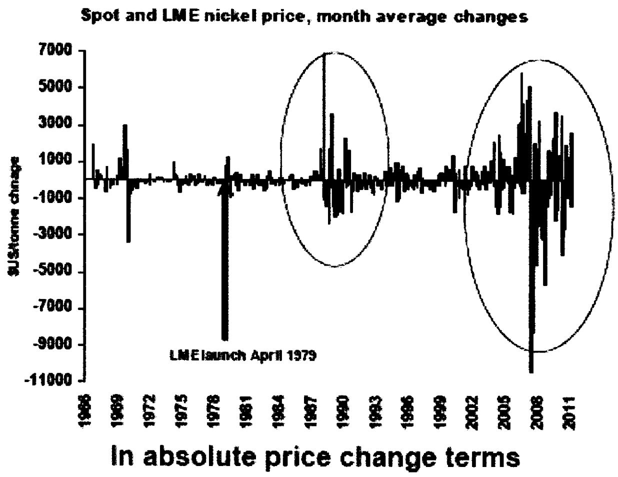
Although the pricing environment remains positive, nickel prices have come under pressure since the beginning of 2011, falling 15.2% to approximately US$9.60/lb as at 15 September 2011. The Independent Directors note the uncertainty regarding the future nickel price and the material impact that changes in the nickel price are likely to have on the market value of a Minara Share.

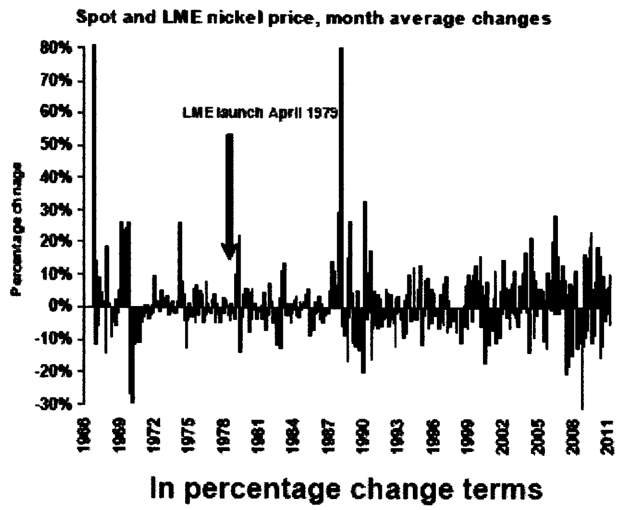
Figure 4 – US$ nickel price since January 2000



Source: IRESS

Figure 5 – Spot & London Metal Exchange nickel price monthly changes





Source: Macquarie Research Equities (June 2011)

Figure 6 – Nickel price historical volatility

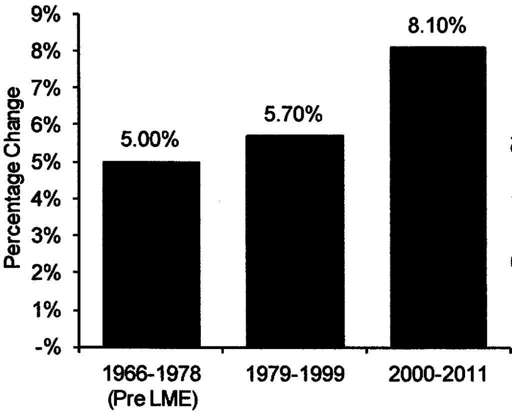
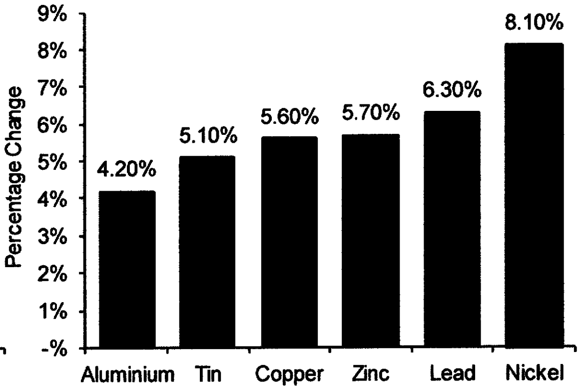


Figure 7 – Nickel volatility vs. other base metals



Source: Macquarie Research Equities (June 2011)

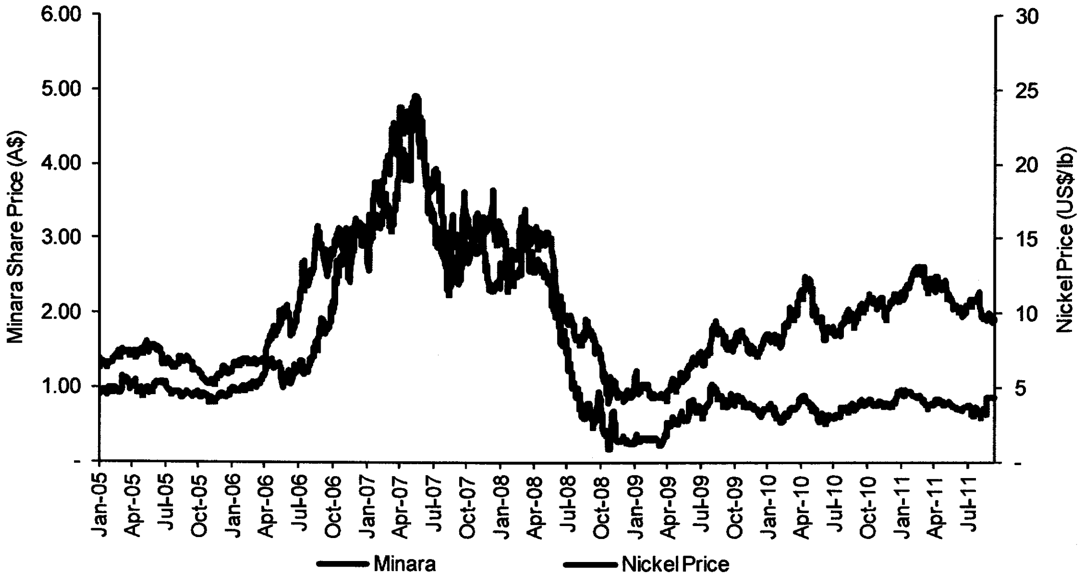
Accepting the cash consideration offered by Glencore allows Minara Shareholders to realise their investment in Minara at a fair price and in a positive price environment. This mitigates the risks that a Minara Shareholder might face in the event that nickel and/or cobalt prices fall below their current levels.

The Independent Directors note that the price of a Minara Share is materially influenced by changes in the nickel price. Figure 8 below shows that in times of peak nickel prices, Minara shares traded as high as $4.84[2]. Given the volatility of the nickel price, there may be substantial upswings in the nickel price that may act as positive catalysts to the Minara Share price if Glencore does not proceed to compulsorily acquire the Minara Shares, potentially increasing the Minara share price above the Glencore Offer price.

However, the Independent Directors note that the Independent Expert's analysis of the fundamentals of the nickel market and nickel pricing assumptions from various broking houses and economic commentators suggests that a return to the peak prices of 2007 is not likely. Please refer to the Independent Expert's Report, attached as Attachment 1 to this Target's Statement, for further information in relation to the nickel market.

[2] To adjust for historical share issues, IRESS Market Technology Ltd has multiplied the historical share price of Minara by a factor to derive a theoretical price that reflects the current number of shares on issue.

Figure 8 – Minara Share price and nickel price performance since January 2005



Source: IRESS

1.7 Brokerage and stamp duty

If your Minara Shares are held on an issuer sponsored register and you deliver the completed Acceptance Form in accordance with section 9.3(d) of the Bidder's Statement, you will not incur any brokerage connected with you accepting the Glencore Offer.

If your Minara Shares are held on a CHESS sub-register or you hold your Minara Shares through a bank, custodian, or other nominee, you should ask your Controlling Participant (usually your broker), or the bank, custodian, or other nominee whether it will charge any transaction fees or service charges in connection with your acceptance of the Glencore Offer.

In addition, any stamp duty charges payable on transfer of Minara Shares to Glencore pursuant to the Glencore Offer will be payable by Glencore.

1.8 Alternative of selling your Minara Shares on-market

Minara Shareholders remain free to sell their Minara Shares on-market on the ASX at any time, provided they have not already accepted the Glencore Offer. Matters to consider for Minara Shareholders who sell their Minara Shares on-market include that Minara Shareholders:

- will lose the ability to accept the Glencore Offer, or to participate in any other superior offer that may emerge, although the Independent Directors believe that the prospect of a superior offer emerging is remote; and
- may receive more or less for their Minara Shares than the consideration under the Glencore Offer of $0.87 cash per Minara Share.

Further information regarding this is set out in Section 5 of this Target's Statement.

1.9 Other matters

In considering whether to accept the Glencore Offer, the Independent Directors encourage you to:

(a) read both this Target's Statement and the Bidder's Statement in their entirety;

(b) consider the future prospects of Minara;

(c) have regard to your individual risk profile, portfolio strategy, tax considerations and financial circumstances; and

(d) obtain independent financial advice from your own broker or financial advisor regarding the Glencore Offer and obtain taxation advice on the effect of accepting the Glencore Offer.

2. Frequently asked questions

This Section answers some commonly asked questions about the Glencore Offer. It is not intended to address all relevant issues for Minara Shareholders. This Section should be read together with all other parts of this Target's Statement and the Bidder's Statement.

Question	Answer
Who is offering to purchase my Minara Shares?	Glencore Investment Pty Ltd ACN 076 513 034 is the company making the Glencore Offer. Glencore Investment Pty Ltd is a wholly owned subsidiary of Glencore International AG, who at the time of making the Glencore Offer, had a Relevant Interest in 73.52% of Minara Shares. Glencore International AG is a wholly owned subsidiary of Glencore International plc, a company incorporated in Jersey and listed on the London Stock Exchange plc (**LSE**) and the Hong Kong Stock Exchange (**HKEx**). Information in relation to Glencore can be obtained from the Bidder's Statement or Glencore International plc's website at www.glencore.com.
What is Glencore offering for my Minara Shares?	The consideration under the Glencore Offer is $0.87 cash per Minara Share.
What is the Bidder's Statement?	The Bidder's Statement contains information on the Glencore Offer. The law requires Glencore to send it to you. Glencore lodged its Bidder's Statement with ASIC on 24 August 2011.
What is the Target's Statement?	This booklet comprises the Target's Statement. Minara is required by law to produce this Target's Statement in response to the Glencore Offer. The Target's Statement contains information to help you decide whether to accept the Glencore Offer for your Minara Shares.
What choices do I have as a Minara Shareholder?	As a Minara Shareholder, you have the following choices in respect of your Minara Shares: • accept the Glencore Offer, in which case you should follow the instructions in the Bidder's Statement; • sell your Minara Shares on-market; or • not accept the Glencore Offer by doing nothing. There are several implications in relation to each of the above choices. A summary of these implications is set out in Section 5 of this Target's Statement. You should seek legal, financial or taxation advice from your professional adviser regarding the action that you should take in relation to the Glencore Offer.
What are the Independent Directors recommending?	The Independent Directors unanimously recommend that you accept the Glencore Offer. The reasons for the Independent Directors' recommendation are set out in Section 1 of this Target's Statement.

Question	Answer
What is the Independent Expert's opinion?	Under the Corporations Act, Minara is required to obtain an independent expert's report on the bid. The opinion of the Independent Expert is that the Glencore Offer is fair and reasonable to Minara Shareholders who are not associated with Glencore. The Independent Expert's Report accompanies this Target's Statement as Attachment 1. The Independent Directors recommend that you read the Independent Expert's Report in full as part of your consideration of the Glencore Offer.
Will I be forced to sell my Minara Shares?	You can be forced to sell your Minara Shares if Glencore receives acceptances giving Glencore a Relevant Interest in at least 90% of all Minara Shares and acquires at least 75% of the Minara Shares that it offers to acquire under the Glencore Offer. If this occurs, Glencore will be entitled to proceed to compulsory acquisition of Minara Shares held by Minara Shareholders who did not accept the Glencore Offer, in which case you will receive the same consideration for your Minara Shares that you would have received under the Glencore Offer. In practice, to exercise this compulsory acquisition power, Glencore will need to achieve a 93.38% interest in Minara Shares. Even if Glencore does not become entitled to compulsorily acquire Minara Shares in exercise of the power described above, Glencore may nevertheless become entitled to exercise general compulsory acquisition rights and force you to sell your Minara Shares. If Glencore holds full beneficial interests in at least 90% of all Minara Shares, Glencore will have six months to give general compulsory acquisition notices to Minara Shareholders which must be accompanied by an independent expert's report setting out whether the terms of the acquisition give "fair value". Please refer to Section 6.11 of this Target's Statement for more information.
What do the Independent Directors intend to do with their Minara Shares?	The Independent Directors intend to accept Glencore's Offer. The Independent Directors' interests in the Minara Shares are set out in Section 4.2 of this Target's Statement.
When does the Glencore Offer close?	The Glencore Offer is currently scheduled to close at 7.00 pm (EST) / 4.00 pm (WST) on 10 October 2011 but can be extended in certain circumstances. The Independent Directors will keep you informed if there are any material developments in relation to the Glencore Offer. Minara Shareholders are also encouraged to monitor the Minara website at www.minara.com.au for any updates on the Glencore Offer.

Question	Answer
Can the Offer Period be extended?	Glencore may extend the Offer Period at any time before the end of the Offer Period. The maximum Offer Period is 12 months. There will be an automatic extension if, within the last 7 days of the Offer Period, Glencore increases the consideration being offered. If that happens, the Glencore Offer is automatically extended so that it ends 14 days after that event.
How do I accept the Glencore Offer?	Instructions on how to accept the Glencore Offer are set out in section 9 of the Bidder's Statement and on the Acceptance Form which accompanies the Bidder's Statement. If you want to accept the Glencore Offer, you should follow these instructions carefully to ensure that your acceptance is valid.
What are the consequences of accepting the Glencore Offer now?	If you accept the Glencore Offer you will be obliged to sell your Minara Shares to Glencore and you will receive the Offer Consideration.
If I accept the Glencore Offer, can I withdraw my acceptance?	No. As the Glencore Offer is unconditional, you are not permitted to withdraw your acceptance of the Glencore Offer.
Can Glencore withdraw the Glencore Offer?	Glencore may not withdraw the Glencore Offer if you have already accepted it. Before you accept the Glencore Offer, Glencore may be able to withdraw the Glencore Offer if it obtains the written consent of ASIC (which will only be given by ASIC in limited circumstances), subject to the conditions (if any) specified in such consent.
Can I accept the Glencore Offer for only some of my Minara Shares?	No. You may only accept the Glencore Offer in respect of all of the Minara Shares you hold.
What will happen if Glencore increases its offer?	If you accept the Glencore Offer and Glencore subsequently increases the Offer Consideration, you will receive the increased consideration for your Minara Shares.
Is the Glencore Offer subject to any conditions?	No. The Glencore Offer was subject to the condition that no Prescribed Occurrences occur. However, Glencore waived this condition on 15 September 2011.
What happens to Minara if Glencore is not entitled to compulsorily acquire any outstanding Minara Shares?	If Glencore does not become entitled to compulsorily acquire all outstanding Minara Shares (see Section 6.11 of this Target's Statement), Glencore may still acquire sufficient Minara Shares to obtain increased control of Minara. Under these circumstances, the liquidity of Minara Shares may be reduced, thereby impacting on Minara Shareholders' ability to sell their Minara Shares at price levels that reflect their value.

Question	Answer
When will I receive the Offer Consideration if I accept the Glencore Offer?	If you accept the Glencore Offer, Glencore will pay the Offer Consideration that you are entitled to under the terms of the Glencore Offer on or before the earlier of: • 1 month after the date you validly accept the Glencore Offer; and • 21 days after the end of the Offer Period.
Will I need to pay brokerage or stamp duty if I accept the Glencore Offer?	You will not pay any stamp duty if you accept the Glencore Offer. If your Minara Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to Glencore, you will not incur any brokerage charges in connection with your acceptance of the Glencore Offer. If your Minara Shares are registered in a CHESS Holding or you hold your Minara Shares through a bank, custodian or other nominee, you should ask your Controlling Participant (usually your broker) or the bank, custodian or other nominee whether it will charge any transaction fees or service charges in connection with your acceptance of the Glencore Offer.
What are the tax implications of accepting the Glencore Offer?	This depends on your personal tax position and the price at which you originally acquired and when you acquired your Minara Shares. A general outline of the tax implications of accepting the Glencore Offer is set out in section 7 of the Bidder's Statement. You should consult with your taxation adviser for detailed taxation advice before making a decision whether or not to accept the Glencore Offer.
Who should I call if I have questions?	If you have any further queries in relation to the Glencore Offer, you can call the Minara Information Line on 1800 217 828 (for calls made from inside Australia) or +61 8 9382 8300 (for calls made from outside Australia) between 8.00 am and 5.00 pm (WST) Monday to Friday, or you can speak to your financial or other professional adviser.

3. Important matters for Minara Shareholders to consider

In making a decision whether to accept the Glencore Offer you should carefully consider your personal circumstances and have regard to the following matters.

3.1 Overview of Minara

Minara is an Australian-based nickel and cobalt mining and exploration company which is listed on the ASX and is headquartered in Perth, Western Australia. Minara has been listed on the ASX since 17 March 1994 (originally as "Anaconda Nickel NL", and then "Anaconda Nickel Limited" until 12 December 2003).

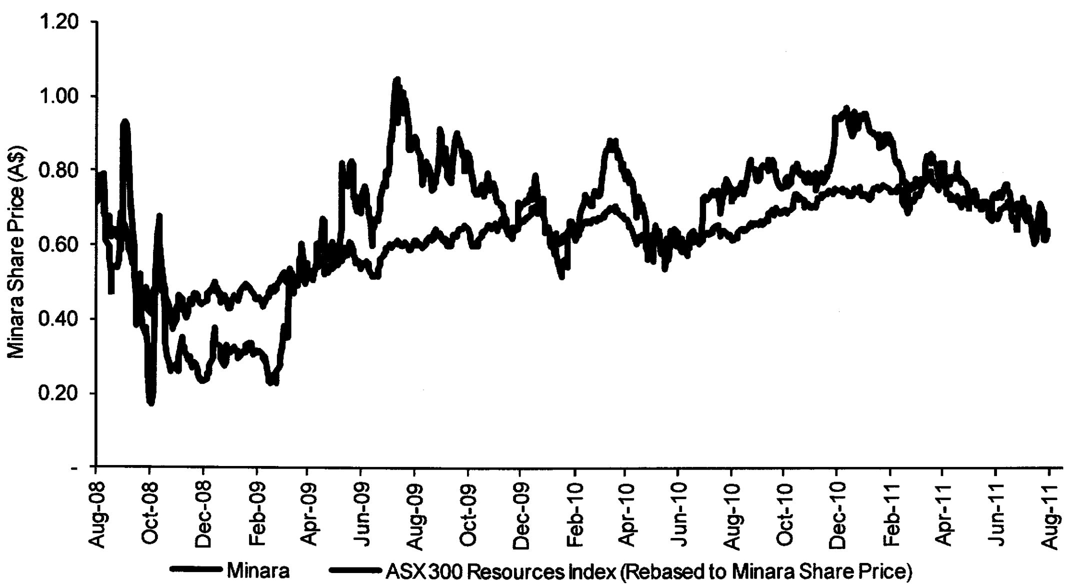
The principal activity of Minara is the operation of the Murrin Murrin Nickel / Cobalt Joint Venture Project (**Murrin Murrin Project**) near Leonora, Western Australia. The Murrin Murrin Project involves exploration for nickel and the mining and processing of laterite ore to produce nickel and cobalt.

Minara's wholly owned subsidiary, Murrin Murrin Holdings Pty Ltd ACN 073 405 562 (**MMH**), has a 60% interest in the Murrin Murrin Project, which is conducted by way of an unincorporated joint venture. Glencore International plc, through its 100% subsidiary, Glenmurrin Pty Ltd, holds the remaining 40% interest in the Murrin Murrin Project.

Minara's wholly owned subsidiary, Murrin Murrin Operations Pty Ltd ACN 076 717 505 (**MMO**), is the operator of the Murrin Murrin Project.

Share Price Performance

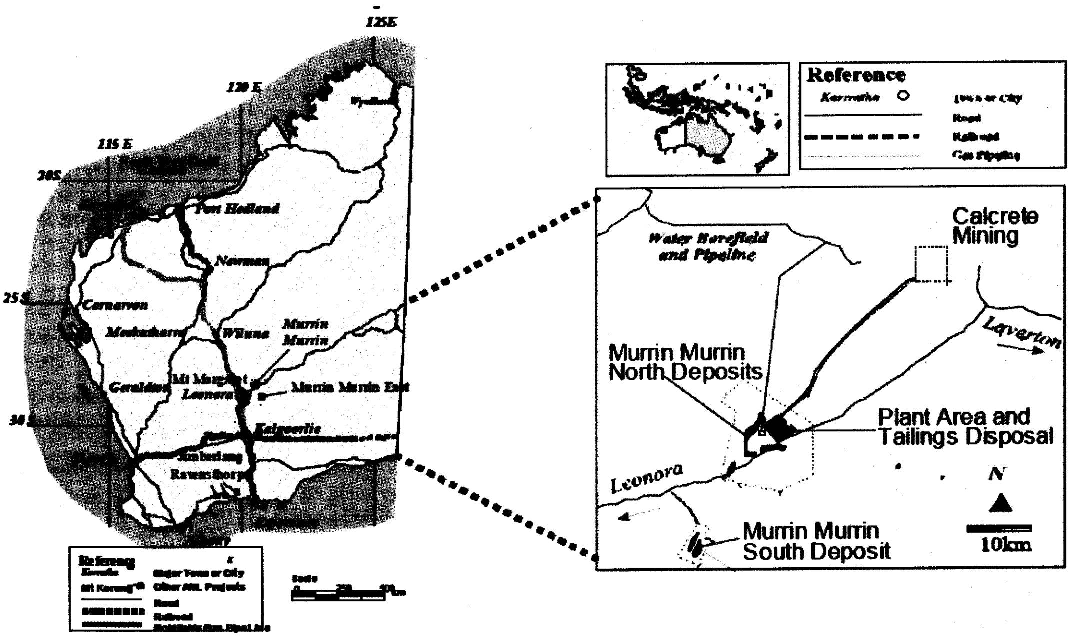
Minara's share price performance relative to the S&P/ASX 300 Resources Index (prior to the announcement of the Glencore Offer) is shown below:



Source: IRESS

The Murrin Murrin Project

The Murrin Murrin Project is located between Leonora and Laverton in the North Eastern Goldfields of Western Australia.



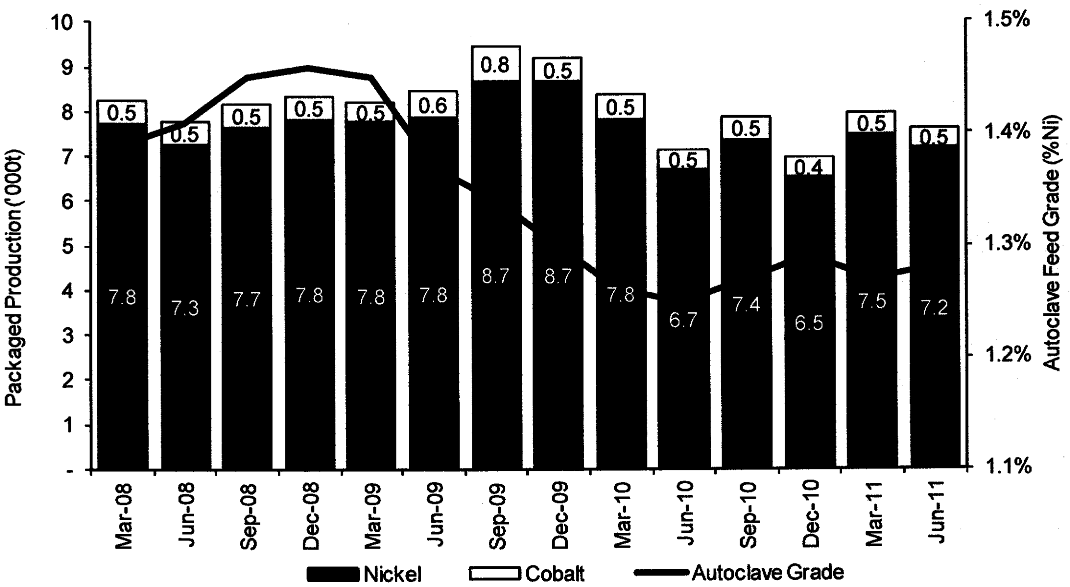
Operations commenced in 1999 and are based on the mining and processing of laterite ore. Nickel laterite mineralisation is a geological term used to describe the concentration of nickel and cobalt in silicate minerals, most often clays, due to extensive weathering of olivine rich ultramafic rocks.

Conventional open pit mining techniques are used, followed by ore processing comprising pressure acid leaching, mixed sulphide precipitation, cobalt refining and nickel refining. The production process also produces ammonium sulphate as a by-product.

The Murrin Murrin Project's production for the year ended 31 December 2010 was 28,378 tonnes of nickel and 1,976 tonnes of cobalt (Minara's share is 60% of this).

The graph below shows the Murrin Murrin Project's quarterly production dating back to January 2008.

Figure 9 - Murrin Murrin Project's historical production



Exploration

Minara's exploration strategy remains a three tiered approach directed towards:

- identifying deposits near the Murrin Murrin Project's operations which will provide resource and reserve growth;
- identifying complementary feed sources for the Murrin Murrin Project plant; and
- creating alternate revenue streams for Minara.

During the course of 2011, targeted drilling at the Murrin Murrin Project has intercepted zones of higher-grade ore within the existing mine environs and provides the opportunity to add higher-grade near term production at relatively low cost. Further infill drilling is planned and further targets are to be tested on existing tenure and recently acquired adjacent ground.

The Marshall Pool Project (60% Minara) is a large low-grade nickel laterite deposit which is highly siliceous and amenable to upgrading by simple beneficiation. The Marshall Pool project is located 70 kilometres north of Leonora and is 140 kilometres from the Murrin Murrin Project by sealed road. The pre-feasibility study into beneficiation of the ore which commenced during 2010 continued into the 2011 half-year.

The Mt Lucky Project (60% Minara) contains a low grade manganese deposit which can supply the Murrin Murrin Project with an additive to the high-pressure acid leach process. Since acquisition of the Mt Lucky project in the second half of 2010, archaeological, heritage, flora and fauna surveys have been completed, as have infill and extensional drill planning. A program of works was approved for the drilling program in order to increase mineralisation definition and testing of deeper targets below the near surface mineralisation.

Ore Reserves and Mineral Resources

MURRIN MURRIN MINERAL RESOURCES		31 DECEMBER 2010		
Resource Category	**Tonnage (Mt)**	**Ni Grade %**	**Co Grade %**	**Cut-off Grade Ni**
Measured	114	1.03	0.076	0.8%
Indicated	106	0.99	0.076	0.8%
Inferred	10	0.94	0.058	0.8%
Scats	1	1.01	0.073	
Stockpiles (Measured)	37	1.02	0.068	
Total	**268**	**1.01**	**0.074**	

MURRIN MURRIN ORE RESERVES		31 DECEMBER 2010	
Resource Category	**Tonnage (Mt)**	**Ni Grade %**	**Co Grade %**
Proven	93	1.06	0.082
Probable	65	1.04	0.079
Scats	1	1.01	0.073
Stockpiles	37	1.02	0.068
Total	**196**	**1.05**	**0.078**

Mineral Resources

The Murrin Murrin Project's Mineral Resources are based on a cut-off grade of 0.8% nickel and depletion of the geological block models using end of period surface surveys. The Mineral Resource classification is based on drill spacing, with the Measured category less than or equal to 50m x 50m, the Indicated category less than or equal to 100m x 100m and the Inferred category greater than 100m x 100m. The changes in Mineral Resource position are due to a combination of depletion of material from mining and processing activities and the updating of Mineral Resources with new Mineral Resource models. There is a significant increase in the Measured Mineral Resource from last year with a corresponding decrease in Indicated Mineral Resource due to the upgrading of the Mineral Resource with newer resource in-fill drilling that better defines the Mineral Resource and continued revision of modelling technique and parameters. Further change is related to normal mining activities and increased stockpile volumes.

Ore Reserves

The Murrin Murrin Project's Ore Reserves are based on optimisations using long-term assumptions of US$16,000 per tonne nickel, US$10.00 per pound cobalt and an exchange rate of US$0.70/A$. The 2010 Ore Reserve optimisations consider the presence of project-to-date backfill, in-pit tailings deposition, public infrastructure and sites of cultural significance. During the preparation of the 2010 Ore Reserve estimate it became apparent that a miscalculation had resulted in an overstatement of 15Mt in the 2009 Ore Reserve estimate. This overstatement has been corrected in the 2010 Ore Reserve. Additionally, the 2010 Ore Reserve is net of all mining, milling and stockpiling activities completed during the period. As a result of the above there has been a net reduction in the reserve position from 2009.

The Measured and Indicated Mineral Resources include those Mineral Resources modified to produce the Ore Reserves. The process of deriving Ore Reserves uses the economic value of the ore blocks as the basis for inclusion in the Ore Reserve, and is in accordance with the JORC Code. The economic value is based on metal grades and projected values, processing and associated operating costs.

Competent Persons' statement

The information in this Target's Statement relating to exploration results is based on information prepared by David Selfe, the information relating to Mineral Resources is based on information compiled by Stephen King and David Selfe and the information relating to Ore Reserves is based on information compiled by Brett Fowler.

David Selfe, Stephen King and Brett Fowler are all members of the Australian Institute of Mining and Metallurgy and at the time of compiling the information for inclusion in this Target's Statement were all full time employees of Minara. David Selfe, Stephen King and Brett Fowler all have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking in order to qualify as Competent Persons as defined in the JORC Code and they all consent to the inclusion in this Target's Statement of the matters based on their information in the form and context in which it appears.

Further information regarding Minara

For further information regarding Minara, please refer to Minara's Annual Report, Half-Yearly Report, Quarterly Report and Minara's other announcements to the ASX. These documents are available on Minara's website at www.minara.com.au, the ASX website at www.asx.com.au or by contacting the Minara Information Line on 1800 217 828 (for calls made from within Australia) or +61 8 9382 8300 (for calls made from outside Australia) between 8.00 am and 5.00 pm (WST) Monday to Friday.

3.2 Information in relation to Glencore

Glencore is a company registered in Australia and is making the Glencore Offer. Glencore is a wholly owned subsidiary of Glencore International AG. At the time of the Glencore Offer, Glencore had a Relevant Interest of 73.52% in Minara Shares. These Minara Shares are held by Glencore and Glencore's parent, Glencore International AG. Glencore International AG also has a 40% interest in the Murrin Murrin Project through its wholly owned subsidiary Glenmurrin Pty Ltd.

Glencore International AG is a wholly owned subsidiary of Glencore International plc. Glencore International plc is a company incorporated in Jersey and listed on the LSE and HKEx.

Section 3 of the Bidder's Statement provides background and financial information regarding Glencore, Glencore International AG and Glencore International plc.

For further information regarding Glencore, please visit its website at www.glencore.com.

3.3 Possible decrease in Minara Share price

The Independent Directors consider that the Minara Share price might fall in the absence of the Glencore Offer or in the absence of a superior offer. This is because:

- in the 1 month up to and including the Last Trading Date, Minara Shares traded on the ASX at a VWAP of $0.661; and
- in the 12 months up to and including the Last Trading Date, Minara Shares traded on the ASX at a VWAP of $0.796.

However, the Independent Directors cannot predict whether the Minara Share price would in fact decrease or increase in the absence of the Glencore Offer, as there may be other reasons for share price movements. Minara Shareholders should note that the announcement of the Glencore Offer resulted in a material increase in the Minara Share price.

The latest price for Minara Shares may be obtained from the ASX website at www.asx.com.au using the code "MRE".

3.4 Liquidity of Minara Shares

As at 15 September 2011 (the day Glencore declared the Glencore Offer unconditional), Glencore held a 73.54% Relevant Interest in Minara Shares.

If Glencore does not become entitled to compulsorily acquire all outstanding Minara Shares (see Section 6.11 of this Target's Statement), Glencore may still materially increase its holdings of Minara Shares. Under these circumstances, the liquidity of Minara Shares may be reduced, thereby impacting on Minara Shareholders' ability to sell their Minara Shares at price levels that reflect their value.

3.5 Consequences of being a minority shareholder

If Glencore does not become entitled to compulsorily acquire all outstanding Minara Shares (see Section 6.11 of this Target's Statement) then those Minara Shareholders who do not accept the Glencore Offer will continue to be minority shareholders in Minara. This has a number of possible implications, including:

- Glencore will continue to be in a position to cast the majority of votes at a general meeting of Minara. This enables it to control the composition of Minara's board of Directors and senior management, determine Minara's dividend policy and control the strategic direction of the businesses of Minara and its subsidiaries;
- the Minara Share price may fall immediately following the end of the Offer Period;
- the liquidity of Minara Shares may be lower than at present; and
- if Glencore acquires 75% or more of Minara Shares, it will be able to pass a special resolution of Minara. This will enable Glencore to, among other things, amend Minara's constitution.

3.6 Other alternatives to Glencore Offer

As at the date of this Target's Statement, the Independent Directors are not aware of a proposal by anyone to make a superior offer. At 15 September 2011 (the date Glencore declared the Glencore Offer unconditional), Glencore had voting power of 73.54% in Minara. Unless Glencore agrees to sell into a rival bid for Minara, its current ownership precludes any other bidder from acquiring the 90% minimum ownership level required to proceed to compulsory acquisition under the Corporations Act. In addition, Glencore's existing shareholding in Minara prevents any other party from acquiring control of Minara by way of scheme of arrangement without Glencore's approval.

Consequently, the Independent Directors believe the prospect of a superior offer emerging is remote.

If you accept the Glencore Offer you will forego the opportunity to benefit from any superior offer by another party for your Minara Shares should such an offer eventuate.

If Glencore varies the Glencore Offer to increase the consideration it is offering for your Minara Shares you will be entitled to receive the increased consideration, even if you have already accepted the Glencore Offer.

3.7 Glencore's intentions with respect to the Glencore Offer and Minara

You should read section 5 of the Bidder's Statement which details Glencore's intentions in respect of the business, assets and employees of Minara.

3.8 Risks associated with accepting the Glencore Offer

There are certain risks associated with accepting the Glencore Offer, including:

You will no longer share in the potential benefits of being a Minara Shareholder

If you accept the Glencore Offer, you will no longer be entitled to participate in the future financial performance of Minara or exercise the rights of being a Minara Shareholder. The information detailed above in Section 3 of this Target's Statement highlights Minara's share price performance over the past 3 years, its operation of a world-class nickel laterite ore reserve, and its exploration potential, which you should consider prior to making your decision.

The taxation consequences of accepting the Glencore Offer

Accepting the Glencore Offer will trigger taxation consequences for you. See Section 3.10 of this Target's Statement for further information.

You will not be able to sell your Minara Shares on-market

If you accept the Glencore Offer, you will no longer be able to trade your Minara Shares on-market. There is a possibility that the Minara Share price may exceed the price under the Glencore Offer. The share price performance of Minara Shares is discussed further in Section 1 of this Target's Statement.

Possibility of a superior offer emerging

Once you have accepted the Glencore Offer, you will not be able to accept your Minara Shares into any superior offer that may emerge as you will have entered a binding contract for the sale of your Minara Shares. The likelihood of a superior offer emerging, which the Independent Directors consider is remote, is discussed in Section 3.6 of this Target's Statement.

3.9 Risks associated with remaining a Minara Shareholder

In considering this Target's Statement and the Glencore Offer, Minara Shareholders should be aware that there are a number of risks which may affect the future operating and financial performance of Minara. The risks which apply to holding Minara Shares can be categorised as industry risks which Minara shares with other mining companies, risks which relate to Minara's business, and risks which relate to the outcome of the Glencore Offer.

Some of these risks can be adequately mitigated by the use of safeguards and appropriate systems but many are beyond the control of Minara and its Directors and cannot be mitigated. The principal risks you should consider, when deciding whether to maintain your investment in Minara, in the present circumstances include the following:

(a) **Share price**

There is a risk that the Minara Share price may fall if Glencore does not proceed to compulsory acquisition of all Minara Shares.

(b) **Exploration and production risks**

The future viability and profitability of Minara as a mining and exploration company will be dependent on a number of factors, including, but not limited to, the following:

(i) commodity prices, in particular the price of nickel and cobalt;

(ii) the price of sulphur, which Minara uses in the production of nickel and cobalt;

(iii) foreign exchange rates, as Minara receives payments from its sales of nickel and cobalt in United States dollars. Minara converts the majority of these funds into Australian dollars, hence Minara is exposed to movements in exchange rates, the impact of which cannot be predicted reliably. Although Minara does not currently have any derivative financial instruments, Minara's foreign exchange hedging policy permits the use of forward foreign exchange contracts and put and call options to hedge its foreign exchange risk;

(iv) risks inherent in exploration and mining including, amongst other things, successful exploration and exploitation of ore reserves, satisfactory performance of mining operations and competent management;

(v) a number of assumptions have been made and used by Minara and its advisors and consultants in the calculations and studies they have conducted. If any of these assumptions are incorrect, whether positive or negative, this will have an effect on the calculations and results of studies which have been conducted;

(vi) risks associated with the current global economic environment;

(vii) increases in capital costs of project development occurring as a consequence of global economic conditions, delays, plant failure, demand for resources and other factors;

(viii) retention of key employees. Minara's performance is substantially dependent on its senior management, Directors and key technical personnel to continue to develop and manage Minara's projects. The loss of senior management, Directors and key technical personnel could have a material adverse effect on Minara's business; and

(ix) environmental management issues which Minara may be required to address from time to time and the potential risk that regulatory environmental requirements or circumstances could impact on the economic performance of Minara's operations.

(c) **Minority ownership**

The Glencore Offer is not subject to any minimum acceptance conditions, and Glencore has stated in section 5.3(a) of the Bidder's Statement that it intends to compulsorily acquire all remaining Minara Shares if it reaches the statutory 90% ownership threshold, or receives acceptances for 75% of the shares to which the Glencore Offer applies (see section 6.11 for further information). However, Glencore may not achieve either of these thresholds, and it is therefore possible that Glencore does not proceed to compulsory acquisition of the Minara Shares on issue. Such an outcome may have potential liquidity and realisation consequences for minority Minara Shareholders.

(d) **Future capital needs and additional funding**

Minara may require further financing in the future. Any additional equity financing may be dilutive to Minara Shareholders, may be undertaken at lower prices than the current market price or may involve restrictive covenants which limit Minara's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities.

Although the Independent Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to Minara or at all. If Minara is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and this could have a material adverse effect on Minara's activities and could affect Minara's ability to continue as a going concern.

(e) **Other risks**

The future viability and profitability of Minara are also dependent on a number of other factors affecting performance of all industries and not just the mining and exploration industries, including, but not limited to, the following:

(i) general economic conditions in Australia and their major trading partners and, in particular, inflation rates, interest rates, exchange rates, commodity supply and demand factors and industrial disruptions;

(ii) financial failure or default by a participant in contractual relationship to which Minara is, or may become, a party;

(iii) insolvency or other managerial failure by any of the contractors used by Minara in its activities;

(iv) the strength of the equity and debt markets in Australia and throughout the world;

(v) industrial or other disputes in Australia; and

(vi) an outbreak of hostilities or a material escalation of hostilities in the world.

3.10 Taxation

The taxation consequences of accepting the Glencore Offer depend on a number of factors and will vary depending on your particular circumstances.

Section 7 of the Bidder's Statement contains a discussion of certain possible tax implications for Minara Shareholders. It is not intended to be an authoritative or complete statement of the tax position applicable to any given Minara Shareholder.

The following are general comments made in relation to Minara Shareholders who are subject to Australian tax on the disposal of their Minara Shares and who hold their Minara Shares on capital account. Minara Shares held on capital account are Minara Shares that are generally held with the intention of making a long term gain.

If you accept the Glencore Offer, you will trigger an Australian Capital Gains Tax (CGT) event. This may result in an Australian CGT liability.

There is no CGT rollover relief for Minara Shareholders in respect of any cash they receive in relation to the Minara Shares that they owned in Minara.

Your income tax and CGT liabilities will depend on your personal circumstances and the decisions you make. It is strongly recommended that you seek independent advice in regard to your personal situation.

Neither Minara nor any of its officers or advisers accepts any liability or responsibility in respect of any statement concerning taxation consequences, or in respect of the taxation consequences themselves.

4. Information relating to your Directors

4.1 Details of Directors

The Directors of Minara as at the date of this Target's Statement are:

(a) Mr Malcolm Macpherson (Chairman and Independent non-executive Director);

(b) Mr Peter Johnston (Managing Director and Chief Executive Officer);

(c) Mr Ivan Glasenberg (Non-executive Director);

(d) Mr John Morrison (Independent non-executive Director); and

(e) Mr Markus Ocskay (Non-executive Director).

The Directors who are not associated with Glencore, referred to as the Independent Directors, are Malcolm Macpherson, John Morrison and Peter Johnston. Each of the Independent Directors desires to make, and considers himself justified in making, a recommendation in relation to the Glencore Offer.

Ivan Glasenberg and Markus Ocskay are nominees of Glencore on the Minara Board. Due to their relationship with Glencore, Ivan Glasenberg and Markus Ocskay do not believe it is appropriate to make, and do not make, a recommendation in relation to the Glencore Offer.

4.2 Directors' interests in Minara Shares and Performance Rights

At the date of this Target's Statement, the Directors have the following interests in Minara Shares and Minara Performance Rights:

Director	Number of Minara Shares	Number of Minara Performance Rights
Malcolm Macpherson	75,000	Nil
Peter Johnston	3,365,583	3,620,771
Ivan Glasenberg	Nil	Nil
John Morrison	100,000	Nil
Markus Ocskay	Nil	Nil
Total	3,540,583	3,620,771

4.3 Recommendation of Independent Directors

Each Independent Director recommends that Minara Shareholders accept the Glencore Offer in respect of their Minara Shares for the reasons set out in this Target's Statement (particularly the matters discussed in Section 1 of this Target's Statement).

For the reasons discussed above in Section 4.1 of this Target's Statement, Ivan Glasenberg and Markus Ocskay do not believe it is appropriate to make a recommendation, and do not make a recommendation, in relation to the Glencore Offer.

4.4 Intentions in relation to personal holdings

Each Director who holds or controls Minara Shares states that he intends to accept the Glencore Offer.

4.5 Recent dealings in Minara shares

There have been no acquisitions or disposals of Minara shares by Directors or any of their respective associates in the 4 months preceding the date of this Target's Statement, other than John Morrison, who acquired an interest in 50,000 Minara Shares on 30 June 2011, as notified by an Appendix 3Y released on ASX on 30 June 2011.

4.6 Directors' relationship to Glencore

Ivan Glasenberg and Markus Ocskay are each employed executives of Glencore International AG, Mr Glasenberg being CEO and Mr Ocskay a senior executive. They are also shareholders in Glencore International AG's wholly owning parent company, Glencore International plc, Mr Glasenberg or a person connected with him collectively having a beneficial interest in 1,089,131,843 shares (or 15.7%) in the capital of Glencore International plc. Mr Glasenberg is also CEO of Glencore International plc and a director of each of Glencore International AG and Glencore International plc, and Mr Ocskay is also a director of Glencore.

None of the Independent Directors nor any of their respective associates have:

(a) a legal or beneficial interest in any of the securities of Glencore or any related body corporate of Glencore (other than Minara) (**Relevant Glencore Entities**); or

(b) any interest in any contract entered into by a Relevant Glencore Entity.

4.7 No agreement with any Director in connection with the Glencore Offer

There is no agreement or arrangement made between any Director and any other person in connection with or conditional on the outcome of the Glencore Offer, other than in respect of the 3,620,771 Minara Performance Rights held by Mr Peter Johnston, which will be treated in accordance with Glencore's proposal as described in Section 7.9 of this Target's Statement.

4.8 Benefits

No Director has agreed to receive, or is entitled to receive, any benefit from a Relevant Glencore Entity which is conditional on, or is related to, the Glencore Offer, other than in their capacity as a holder of Minara Shares.

Minara does not propose and, except as otherwise disclosed in this Target's Statement, is not aware of any proposal in connection with the Glencore Offer that will confer a benefit:

(a) on any person in connection with the retirement of that person from a board or managerial office of Minara or related body corporate of Minara; or

(b) that will or may be given to any person in connection with the transfer of the whole or any part of Minara's undertaking or property.

5. Your choices as a Minara Shareholder

If you are a Minara Shareholder, you have 3 choices available to you:

- accept the Glencore Offer;
- sell your Minara Shares on-market; or
- do nothing and remain a Minara Shareholder.

The Independent Directors encourage you to consider your personal risk profile, investment strategy, tax position and financial circumstances before making any decision in relation to your Minara Shares.

The Independent Directors unanimously recommend that you accept the Glencore Offer.

Each of the Independent Directors intends to accept the Glencore Offer in respect of all of the Minara Shares they own or control.

5.1 You may accept the Glencore Offer

Details of how to accept the Glencore Offer are set out in section 9.3 of the Bidder's Statement.

If you accept the Glencore Offer, you will not be able to sell your Minara Shares to anyone else, or accept any superior offer that might emerge.

The taxation implications of accepting the Glencore Offer depend on a number of factors and will vary according to your particular circumstances. A general outline of the Australian tax consequences of accepting the Glencore Offer is set out in section 7 of the Bidder's Statement. You should seek your own specific professional advice regarding the taxation consequences for you of accepting the Glencore Offer.

The Bidder's Statement states that if you accept the Glencore Offer you may incur any brokerage charges if your Minara Shares are held on a CHESS sub-register or you hold your Minara Shares through a bank, custodian or other nominee. If this is the case, you should ask your Controlling Participant or the bank, custodian or other nominee whether it will charge any brokerage fees in connection with your acceptance of the Glencore Offer.

If your Minara Shares are held on issuer sponsored register and you deliver the completed form directly to Link Market Services Limited ACN 083 214 537 in accordance with section 9.3(d) of the Bidder's Statement, you will not incur any brokerage in connection with your acceptance of the Glencore Offer.

5.2 You may sell your Minara Shares on-market

During a takeover, shareholders in a target company may still sell their shares on-market for cash provided that they have not accepted a takeover offer for those shares. Accordingly, Minara Shareholders remain free to sell their Minara Shares on-market on the ASX at any time, provided they have not already accepted the Glencore Offer.

As noted in Section 8.3 of the Bidder's Statement, Glencore and its associates may acquire Minara Shares on-market up to the Offer Price. If Glencore or any of its associates acquires Minara Shares on-market at a price higher than the Glencore Offer price during normal trading on ASX, the Glencore Offer price per Minara Share will be increased to at least match that price. Any Minara Shareholders who have accepted the Glencore Offer prior to the relevant increased on-market purchase will be entitled to the additional consideration as a result of the increased Glencore Offer.

The latest price for Minara Shares on the ASX may be obtained from ASX's website www.asx.com.au under the code "MRE".

Minara Shareholders who sell their Minara Shares on-market:

- will lose the ability to accept the Glencore Offer, or to participate in any other superior offer that may emerge;
- may receive more or less for their Minara Shares than the consideration under the Glencore Offer of A$0.87 cash per Minara Share;
- are likely to incur a brokerage charge; and
- will be paid the net proceeds of sale some time after the third business day after the date of trade.

Minara Shareholders who wish to sell their Minara Shares on-market should contact their stockbroker on how to effect that sale.

The taxation implications of selling your Minara Shares on-market depend on a number of factors and will vary according to your particular circumstances, in the same way as if you accept the Glencore Offer. You should seek your own specific professional advice regarding the taxation consequences for you of selling your Minara Shares on-market.

5.3 You may do nothing and remain a Minara Shareholder

If you do not wish to accept the Glencore Offer and wish to retain your Minara Shares, you do not need to take any action. However, even if you do not accept the Glencore Offer, Glencore may nonetheless subsequently become entitled to compulsorily acquire your Minara Shares (see Section 6.11 of this Target's Statement).

If you do not accept the Glencore Offer and Glencore becomes entitled to compulsorily acquire your Minara Shares under the Corporations Act (as it intends to do, as discussed in section 5.3(a) of the Bidder's Statement), you may receive your consideration later than Minara Shareholders who choose to accept the Glencore Offer. Refer to Section 6.11 of this Target's Statement for details on compulsory acquisition.

Further, if Glencore does not become entitled to compulsorily acquire your Minara Shares, you will remain a minority shareholder in Minara, with potential adverse implications, including those described in Sections 3.4 and 3.5 of this Target's Statement.

6. Important information about the Glencore Offer

6.1 Glencore Offer consideration

Glencore announced a takeover offer on 24 August 2011 for all Minara Shares. The consideration under the Glencore Offer is A$0.87 cash per Minara Share.

6.2 Glencore Offer is unconditional

The Glencore Offer was subject to the condition that no Prescribed Occurrences occur. However, Glencore waived this condition in its notice of status of conditions announced on ASX on 15 September 2011. The Glencore Offer is now therefore unconditional.

6.3 Offer Period

The Glencore Offer will be open for acceptance from 8 September 2011 until 4.00 pm (WST) on 10 October 2011, unless extended or withdrawn.

The circumstances in which Glencore may extend or withdraw the Glencore Offer are set out in sections 9.2 and 9.16 of the Bidder's Statement.

6.4 Extension of the Offer Period

Glencore may extend the Offer Period at any time before the end of the Offer Period.

In addition, there will be an automatic extension of the Offer Period if, within the last 7 days of the Offer Period, Glencore improves the consideration offered under the Glencore Offer.

If either of these events occur, the Offer Period is automatically extended so that it ends 14 days after the relevant event occurs.

6.5 Withdrawal of Glencore Offer

Glencore may not withdraw the Glencore Offer if you have already accepted it.

Before you accept the Glencore Offer, Glencore may withdraw the Glencore Offer with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

6.6 Effect of acceptance

If you accept Glencore's Offer, you will give up your right to sell your Minara Shares on ASX or to any competing bidder or to deal with them in any manner. The effect of acceptance is set out in detail in sections 9.6 and 9.7 of the Bidder's Statement. These sections describe the rights attached to your Minara Shares that you will be giving up, the representations and warranties that you will be making and the irrevocable authorities and appointments that you will be giving Glencore if you accept the Glencore Offer. Please note that the Directors do not take any responsibility for the contents of the Bidder's Statement and are not endorsing any of the statements contained in it.

6.7 Withdrawal of your acceptance

Once you accept the Glencore Offer you will not be able to sell or otherwise deal with your Minara Shares, or withdraw your acceptance of the Glencore Offer.

6.8 When you will receive payment

If you accept the Glencore Offer, Glencore will pay the Offer Consideration to which you are entitled on or before the earlier of:

(a) 1 month of the Glencore Offer being validly accepted by you; and

(b) 21 days after the end of the Offer Period for the Glencore Offer.

6.9 Effect of an improvement in the Offer Consideration

If Glencore improves the Offer Consideration under the Glencore Offer, all Minara Shareholders, whether or not they had accepted Glencore's Offer before that improvement in the Offer Consideration, would otherwise be entitled to the benefit of the improved Offer Consideration.

6.10 Notice of status of the condition

Glencore's notice of status of condition was announced on the ASX on 15 September 2011, declaring the Glencore Offer unconditional and stating that Glencore's voting power in Minara was 73.54%.

6.11 Compulsory acquisition

Glencore has stated in section 5.3(a) of the Bidder's Statement that it intends to compulsorily acquire all outstanding Minara Shares if it is entitled to do so.

The 2 types of compulsory acquisition under Chapter 6A of the Corporations Act are discussed below.

Compulsory acquisition after takeover bid

Under Part 6A.1 of the Corporations Act, if, at the end of the Offer Period, Glencore has (together with its associates):

(a) a Relevant Interest in at least 90% (by number) of Minara Shares; and

(b) acquired at least 75% (by number) of Minara Shares for which it has made an offer,

then Glencore will be entitled to compulsorily acquire any outstanding Minara Shares for which it did not receive acceptances, on the same terms as the Glencore Offer.

Based on Glencore's Relevant Interest of 73.52% of Minara Shares immediately before the first Glencore Offer was dispatched, subject to any modification by ASIC of the Corporations Act or an order of a court, in practice this means Glencore must achieve a Relevant Interest of 93.38% in Minara Shares before it can proceed to compulsory acquisition.

If these thresholds are met, Glencore will have up to 1 month after the end of the Offer Period within which to give compulsory acquisition notices to Minara Shareholders who have not accepted the Glencore Offer. Minara Shareholders have statutory rights to challenge the compulsory acquisition, but a successful challenge will require the relevant Minara Shareholders to establish to the satisfaction of a court that the terms of the Glencore Offer do not represent "fair value".

Minara Shareholders should be aware that if they do not accept the Glencore Offer and their Minara Shares are compulsorily acquired, those Minara Shareholders will face a delay in receiving the Offer Consideration compared with Minara Shareholders who have accepted the Glencore Offer, however they will be paid the last price offered by Glencore for Minara Shares before compulsory acquisition began.

Glencore must offer to buy out remaining Minara Shares held by Minara Shareholders if Glencore (and its associates) has a Relevant Interest in at least 90% of Minara Shares (by number) at the end of the Offer Period.

General compulsory acquisition

Minara Shareholders should also be aware that if Glencore does not become entitled to compulsorily acquire Minara Shares in accordance with Part 6A.1 of the Corporations Act, Glencore may nevertheless become entitled to exercise general compulsory acquisition rights under Part 6A.2 of the Corporations Act.

Under Part 6A.2, Glencore will be entitled to compulsorily acquire Minara Shares if Glencore holds full beneficial interests in at least 90% (by number) of Minara Shares (i.e. Glencore becomes a "90% holder").

If this threshold is met, Glencore will have six months after Glencore becomes a 90% holder within which to give compulsory acquisition notices to Minara Shareholders.

The compulsory acquisition notices sent to Minara Shareholders must be accompanied by an independent expert's report and an objection form.

The independent expert's report must set out whether the terms of the compulsory acquisition give "fair value" for the Minara Shares and the independent expert's reasons for forming that opinion.

If Minara Shareholders with at least 10% of Minara Shares covered by the compulsory acquisition notice object to the acquisition before the end of the objection period (which must be at least one month), Glencore may apply to a court for approval of the acquisition of the Minara Shares covered by the notice.

Minara Shareholders should be aware that if they do not accept the Glencore Offer and their Minara Shares are compulsorily acquired under Part 6A.2 of the Corporations Act, those Minara Shareholders will face delay in receiving the consideration for their Minara Shares compared with Minara Shareholders who have accept the Glencore Offer, and such consideration may be higher or lower than the consideration offered under the Glencore Offer.

7. Additional information

7.1 Issued capital

As at the date of this Target's Statement, Minara's issued capital comprises 1,169,424,487 Minara Shares.

Refer to Section 7.9 of this Target's Statement for discussion of Minara Performance Rights.

7.2 Substantial holders

Based on the substantial shareholding notices provided to Minara, the sole substantial shareholder of Minara is Glencore International AG (being a holder of 858,829,760 Minara Shares with a Relevant Interest of 73.44% in Minara's Shares). At the time of the Glencore Offer as disclosed in the Bidder's Statement as sent to Minara Shareholders and released by Glencore on ASX on 8 September 2011, Glencore held a Relevant Interest in 859,735,976 Minara Shares, representing 73.52% of the total Minara Shares. Glencore's voting power in Glencore has since increased as set out in Section 7.3 of this Target's Statement.

7.3 Notice of Glencore's voting power

As at 15 September 2011 (being the day Glencore released on ASX a notice declaring the Glencore Offer unconditional), Glencore held voting power of 73.54% in Minara. Glencore is required to notify the ASX and Minara before 9.30 am on each trading day during the Offer Period where there is a movement of at least 1% in its holding of Minara Shares.

7.4 Consents

Each person named in this Section 7.4 of this Target's Statement as having given its consent to the inclusion of a statement or being named in this Target's Statement:

(a) does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based other than those statements which have been included in this Target's Statement with the consent of that person; and

(b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to their name and any statements or report which have been included in this Target's Statement with the consent of that person.

Independent Directors

Each Independent Director has given and has not, before the date of issue of this Target's Statement, withdrawn his consent to:

- be named in this Target's Statement in the form and context in which he appears; and
- the inclusion in this Target's Statement of statements made by the Independent Director, and to all references to those statements, in the form and context in which they appear.

Other Directors (other than the Independent Directors)

Each of Ivan Glasenberg and Markus Ocskay has given and has not, before the date of issue of this Target's Statement, withdrawn his consent to:

- be named in this Target's Statement in the form and context in which he appears; and
- the inclusion in this Target's Statement of statements made by him, and to all references to those statements, in the form and context in which they appear.

Independent Expert

KPMG has given, and has not withdrawn before lodgement of this Target's Statement with ASIC, its written consent to:

- be named as Independent Expert in the form and context in which it is named;
- the inclusion of the Independent Expert's Report as Attachment 1 to this Target's Statement; and
- the inclusion in this Target's Statement of statements made by the Independent Expert, or said to be based on the Independent Expert's Report, and to all references to those statements, in the form and context in which they are respectively included.

Independent Technical Specialist

SRK has given, and has not withdrawn before lodgement of this Target's Statement with ASIC, its written consent to:

- be named as Independent Technical Specialist in the form and context in which it is named;
- the inclusion of the Independent Technical Report as annexed to the Independent Expert's Report in Attachment 1 to this Target's Statement; and
- the inclusion in this Target's Statement of statements made by the Independent Technical Specialist, or said to be based on the Independent Technical Report, and to all references to those statements, in the form and context in which they are respectively included.

Competent Persons

Each Competent Person has given, and has not withdrawn before lodgement of this Target's Statement with ASIC, his written consent to:

- be named as Competent Person in the form and context in which he is named; and
- the inclusion in this Target's Statement of statements made by him, and to all references to those statements, in the form and context in which they appear.

Glencore

Glencore has given, and has not withdrawn before lodgement of this Target's Statement with ASIC, its written consent to:

- be named in this Target's Statement in the form and context in which it is named; and
- the inclusion in this Target's Statement of statements made by, or based on statements made by, Glencore in the form and context in which they appear.

Other persons

Cynthia Sargent has given, and has not withdrawn before lodgement of this Target's Statement with ASIC, her written consent to be named in this Target's Statement as Minara's company secretary in the form and context in which she is named.

Clayton Utz has given, and has not withdrawn before lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as Minara's Australian legal adviser in the form and context in which it is named.

Macquarie has given, and has not withdrawn before lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as Minara's financial adviser in the form and context in which it is named.

Computershare Investor Services Pty Limited ACN 078 279 277 has given, and has not withdrawn before lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as Minara's share registry in the form and context in which it is named.

7.5 Public information

ASIC has published various Class Orders that modify, or exempt parties from compliance with, the operation of various provisions of Chapter 6 of the Corporations Act. Minara has relied on this Class Order relief.

As permitted by ASIC Class Order 01/1543, this Target's Statement contains statements which are made, or based on statements made, in documents lodged with ASIC or given to a securities exchange (including the ASX). Pursuant to this Class Order, the consent of persons to whom such statements are attributed is not required for the inclusion of these statements in this Target's Statement.

Minara Shareholders are entitled to obtain from Minara free of charge any document which contains such a statement. If you would like to receive a copy of any of those documents, or the relevant part of the documents containing the statements (free of charge) during the Offer Period, please contact the Minara Shareholder Line on 1800 217 828 (for calls made from within Australia) or +61 8 9382 8300 (for calls made from outside Australia) between 8.00 am and 5.00 pm (WST) Monday to Friday.

As permitted by ASIC Class Order 03/635, this Target's Statement may include or be accompanied by certain statements:

(a) fairly representing a statement by an official person; or

(b) from a public official document or a published book, journal or comparable publication.

Pursuant to this Class Order, the consent of such persons to whom statements are attributed is not required for the inclusion of those statements in this Target's Statement.

This Target's Statement includes references to the Bidder's Statement. Glencore has not consented to these references being included in, or referred to, in the form and context in which they are included.

In addition, as permitted by ASIC Class Order 07/429, this Target's Statement contains share price trading data sourced from IRESS Market Technology Ltd without its consent.

7.6 Continuous disclosure

Minara is a disclosing entity under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. These obligations require Minara to notify the ASX of information about specified matters and events as they occur for the purpose of making that information available to the market. In particular, Minara has an obligation (subject to limited exceptions) to notify the ASX immediately on becoming aware of any information which a reasonable person would expect to have a material effect on the price or value of Minara Shares.

Copies of the documents filed with the ASX may be obtained from the ASX website at www.asx.com.au and Minara's website at www.minara.com.au.

Copies of documents lodged with ASIC in relation to Minara may be obtained from, or inspected at, an ASIC office. Minara Shareholders may obtain a copy of:

(a) the Annual Report;

(b) the Half-Yearly Report;

(c) the Quarterly Report;

(d) Minara's constitution; and

(e) any document lodged by Minara with the ASX between the release of the Annual Report and the date of this Target's Statement,

free of charge upon request by contacting the Minara Shareholder Line on 1800 217 828 (for calls made from within Australia) or +61 8 9382 8300 (for calls made from outside Australia) between 8.00 am and 5.00 pm (WST) Monday to Friday, or from the ASX website at www.asx.com.au. The Annual Report, Half-Yearly Report, Quarterly Report and this Target's Statement are also available on Minara's website at www.minara.com.au.

Minara Shareholders are also encouraged to monitor the Minara website at www.minara.com.au for any updates on the Glencore Offer.

7.7 Financial position of Minara

The most recent published financial information in relation to Minara is contained in the Half-Yearly Report.

The financial position of Minara has not, so far as is known by the Independent Directors, materially changed since 24 August 2011, being the date to which the Half-Yearly Report relates.

7.8 Insurance and indemnities

Minara has entered into standard form of deeds of indemnity with certain Directors against all liabilities which they may incur in the performance of their duties as Directors or officers of Minara, except liability to Minara or a related body corporate, liability for a pecuniary penalty or compensation order under the Corporations Act, and liabilities arising from conduct involving a lack of good faith. Minara is obliged to meet the full amount of all such liabilities in accordance with the terms of the deeds of indemnity.

In addition, each Director is indemnified, as authorised by Minara's constitution, against personal liability arising from their respective positions within Minara and its related bodies corporate.

Minara holds a Directors' and Officers' Liability Insurance Policy on behalf of current Directors and officers of Minara and its controlled entities. The period of the policy extends from 30 November 2010 to 30 November 2011.

7.9 Effect of the Glencore Offer on Minara Performance Rights

As at the date of this Target's Statement, there are 13,664,228 Minara Performance Rights on issue. Minara Performance Rights, issued pursuant to Minara's Long Term Incentive Scheme, give the holder the right to be issued Minara Shares for nil consideration subject to certain vesting criteria. Minara Performance Rights will lapse if they do not vest in accordance with the relevant vesting criteria.

No offer has been made for the Minara Performance Rights. The Minara Performance Rights do not vest upon the announcement or completion of a takeover offer for Minara. The vesting of the Minara Performance Rights is calculated by reference to Minara's "Total Shareholder Return", which is calculated according to, amongst other things, the market price of Minara Shares. In the event of the Glencore Offer completing and Minara being de-listed from ASX, the Minara Performance Rights will become incapable of vesting as Minara Shares will no longer have a market price.

Should any Minara Performance Rights which exist at the date of the Glencore Offer vest and convert into Minara Shares prior to the close of the Glencore Offer, then the Minara Shares that are issued thereupon may be accepted into the Glencore Offer.

Glencore has advised Minara that, if Glencore becomes entitled to exercise, and does exercise, powers of compulsory acquisition, so that Minara becomes wholly-owned by Glencore, it intends to cause Minara to terminate the Long Term Incentive Scheme and replace it with a retention bonus scheme. Under the retention bonus scheme, existing Minara Performance Rights would be satisfied by a cash payment equal to the Offer Consideration per Minara Share for each Minara Share that Minara employees would have been entitled to be issued in respect of the Minara Performance Rights they held, payable when the Minara Performance Rights would have otherwise vested.

7.10 Litigation

There is no current litigation of a material nature involving Minara or any controlled entity of Minara. The Independent Directors have no knowledge of any potential material litigation.

7.11 Regulatory approval

Minara has not been granted any modifications or exemptions by ASIC from the Corporations Act in connection with the takeover bid. Nor has Minara been granted any waivers from the ASX in relation to the takeover bid.

7.12 Summary of offtake agreements

In November 2001, MMH, Glencore International AG and MMO entered into an offtake agreement, pursuant to which Glencore International AG agreed to acquire all of MMH's share of the nickel and cobalt produced by the Murrin Murrin Project (**Existing Offtake Agreement**).

The term of the Existing Offtake Agreement expires on 1 December 2011.

On 13 May 2011, the Minara Shareholders approved an amended and restated Offtake Agreement between MMH, Glencore International AG and MMO (**New Offtake Agreement**). The New Offtake Agreement is on essentially the same terms as the Existing Offtake Agreement, save for a reduction in the level of discount to the London Metal Exchange daily cash settlement price in calculating the nickel price. Under the New Offtake Agreement, the term of the offtake arrangement is extended for a further five years and one month, until 31 December 2016. There is an automatic extension of the term for a further five years until 31 December 2021, unless the parties elect to terminate the New Offtake Agreement on 31 December 2016.

7.13 Effect of the Glencore Offer on Minara's material contracts

No material contract (including the Existing Offtake Agreement or New Offtake Agreement) of Minara will be affected by the Glencore Offer.

7.14 No other material information

This Target's Statement is required to include all the information that Minara Shareholders and their respective professional advisers would reasonably require to make an informed assessment whether to accept the Glencore Offer, but only to the extent to which it is reasonable for Minara Shareholders and their respective professional advisers to expect to find this information in this Target's Statement, and only if the information is known to any Director.

The Independent Directors are of the opinion that the information that Minara Shareholders and their respective professional advisers would reasonably require to make an informed assessment whether to accept the Glencore Offer is in:

(a) the Bidder's Statement (to the extent that the information is not inconsistent or superseded by information in this Target's Statement);

(b) Minara's annual reports and releases to the ASX before the date of this Target's Statement;

(c) documents lodged by Minara with ASIC before the date of this Target's Statement; and

(d) the information contained in this Target's Statement.

The Independent Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate. However, the Independent Directors and their advisers do not take any responsibility for the contents of the Bidder's Statement, and are not to be taken as endorsing, in any way, any or all of the statements contained in it.

In deciding what information should be included in this Target's Statement, the Independent Directors have had regard to:

- the nature of Minara Shares;
- the matters that Minara Shareholders may reasonably be expected to know;
- the fact that certain matters may reasonably be expected to be known to the professional advisers of Minara Shareholders; and
- the time available to Minara to prepare this Target's Statement.

8. Definitions and interpretation

8.1 Definitions

$	Australian dollars unless otherwise stated
Acceptance Form	an acceptance form enclosed within the Bidder's Statement
Announcement Date	24 August 2011, being the date of announcement of the Glencore Offer
Annual Report	Minara's 2010 Annual Report lodged with ASX on 11 April 2011
ASIC	the Australian Securities and Investments Commission
ASX	ASX Limited ACN 008 624 691 or, as the context requires, the financial market known as the Australian Securities Exchange operated by it
ASX Settlement Operating Rules	means the official rules of ASX Settlement, as amended from time to time
Bidder's Statement	Glencore's bidder's statement dated 24 August 2011
Business Days	a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Perth, Western Australia
CGT	Capital Gains Tax
CHESS	means the Clearing House Electronic Sub-register System, which provides for electronic share transfers in Australia
CHESS Holding	means a holding of Minara Shares on the CHESS sub-register of Minara
Competent Person	has the meaning given in Appendix 5A of the Listing Rules, and includes David Selfe, Stephen King and Brett Fowler
Controlling Participant	means a participant who is designated as the controlling participant for shares in a CHESS Holding in according with the ASX Settlement Operating Rules
Corporations Act	Corporations Act 2001 (Cth) (as modified or varied by ASIC)
Director	a director of Minara
EST	Australian Eastern Standard Time
Existing Offtake Agreement	has the meaning given in Section 7.12 of this Target's Statement
Glencore	Glencore Investment Pty Ltd ACN 076 513 034, a wholly owned subsidiary of Glencore International AG, whose ultimate holding company is Glencore International plc (a company incorporated in Jersey and listed on LSE and HKEx, whose principal office is Queensway House, Hilgrove Street, St Helier, Jersey)

Glencore Offer	the offer by Glencore to acquire Minara Shares on the terms contained in the Bidder's Statement
Half-Yearly Report	Minara's half-yearly financial report for the period ended 30 June 2011 lodged with ASX on 24 August 2011
HKEx	means the Hong Kong Stock Exchange
Independent Directors	means the Directors not associated with Glencore, being Malcolm Macpherson, Peter Johnston and John Morrison
Independent Expert	KPMG
Independent Expert's Report	the report by the Independent Expert included as Attachment 1
Independent Technical Report	the report by SRK, as annexed to the Independent Expert's Report
Independent Technical Specialist	SRK
Indicated Mineral Resource	has the meaning given in Appendix 5A of the Listing Rules
Inferred Mineral Resource	has the meaning given in Appendix 5A of the Listing Rules
Issuer Sponsored Holding	means a holding of Minara Shares on Minara's issuer sponsored subregister
JORC Code	the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves (4th Edition)
KPMG	KMPG Corporate Finance (Aust) Pty Ltd ACN 007 363 215
Last Trading Date	23 August 2011, being the last day on which Minara Shares traded on the ASX prior to the announcement of the Glencore Offer
Listing Rules	the official listing rules of ASX, as amended from time to time
Long Term Incentive Scheme	means Minara's long term incentive schemes available to nominated executives and employees
LSE	means the London Stock Exchange
Macquarie	Macquarie Capital (Australia) Limited ACN 123 199 548
Material Adverse Change	has the meaning given in the Bidder's Statement
Measured Mineral Resource	has the meaning given in Appendix 5A of the Listing Rules
Minara	Minara Resources Limited ACN 060 370 783
Minara Information Line	The shareholder information line established by Minara which Minara Shareholders may call if they have any queries in relation to the Glencore Offer, being 1800 217 828 (for calls made from within Australia) or +61 8 9382 8300 (for calls made from outside Australia) between 8.00 am and 5.00 pm (WST) Monday to Friday

Minara Performance Rights	the performance rights granted under the Long Term Incentive Scheme
Minara Share	a fully paid ordinary share in the capital of Minara
Minara Shareholder	a holder of Minara Shares
Mineral Resource	has the meaning given in Appendix 5A of the Listing Rules
MMH	Murrin Murrin Holdings Pty Ltd ACN 073 405 562
MMO	Murrin Murrin Operations Pty Ltd ACN 076 717 505
New Offtake Agreement	has the meaning given in Section 7.12 of this Target's Statement
Offer Consideration	A$0.87 cash for each Minara Share
Offer Period	the period from 8 September 2011 until 4.00 pm (WST) on 10 October 2011, unless the Glencore Offer is extended
Ore Reserve	has the meaning given in Appendix 5A of the Listing Rules
Prescribed Occurrence	has the meaning given in the Bidder's Statement
Quarterly Report	Minara's latest quarterly activities report for the period ended 30 June 2011 lodged with ASX on 13 July 2011
Relevant Glencore Entities	has the meaning given in Section 4.6 of this Target's Statement
Relevant Interest	has the meaning given in section 9 of the Corporations Act
Section	a section of the Target's Statement
SRK	SRK Consulting (Australasia) Pty Ltd ACN 074 271 720
Target's Statement	this document, being Minara's target statement
VWAP	volume weighted average price calculated as the total dollar value of Minara Shares traded divided by the total number of Minara Shares traded during the relevant period
WST	Australian Western Standard Time

8.2 Interpretation

In this Target's Statement, unless the context requires otherwise:

(a) all words and phrases in this Target's Statement have the meaning given to them, if any, in the Corporations Act;

(b) the singular includes the plural and vice versa;

(c) a gender includes all genders;

(d) a reference to a person includes a corporation, other body corporate, unincorporated body, partnership, joint venture or association and vice versa;

(e) headings are for ease of interpretation and do not affect meaning or interpretation;

(f) where a term is defined, its other grammatical forms have a corresponding meaning; and

(g) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them.

9. Approval of Target's Statement

This Target's Statement is dated 19 September 2011 (being the date on which this Target's Statement was lodged with ASIC) and has been approved by a resolution of the Directors of Minara.

Signed for and on behalf of **Minara Resources Limited**:

Malcolm Macpherson
Chairman

Corporate Directory

Directors

Malcolm Macpherson (Chairman)
Peter Johnston (Managing Director)
John Morrison
Ivan Glasenberg
Markus Ocskay

Company Secretary

Cynthia Sargent

Registered Office

Level 4, 30 The Esplanade
Perth WA 6000
Australia

Telephone: +61 8 9212 8400
Facsimile: +61 8 9212 8401
Website: www.minara.com.au

Financial Adviser

Macquarie Capital (Australia) Limited
Level 4, 235 St Georges Terrace
Perth WA 6000
Australia

Legal Adviser

Clayton Utz
Level 27, QV.1 Building
250 St Georges Terrace
Perth WA 6000
Australia

Share Registry

Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth WA 6000

Telephone: +61 8 9323 2000
Facsimile: +61 8 9323 2033

Attachment 1 :
Independent Expert's Report

KPMG Corporate Finance (Aust) Pty Ltd
Australian Financial Services Licence No. 246901
235 St Georges Terrace
Perth WA 6000

GPO Box A29
Perth WA 6837
Australia

ABN: 43 007 363 215
Telephone: +61 8 9263 7171
Facsimile: +61 8 9263 7151
www.kpmg.com.au

The Independent Directors
Minara Resources Limited
Level 4, 30 the Esplanade
Perth WA 6000

16 September 2011

Dear Sirs

Independent Expert Report and Financial Services Guide

1 Introduction

On 24 August 2011, Glencore Investment Pty Ltd[1], a wholly owned subsidiary of Glencore International plc (Glencore) announced an off-market takeover offer for all of the shares in Minara Resources Limited (Minara or the Company) that Glencore did not already own for a consideration of $0.87[2] cash per share (the Offer). As at 8 September 2011, Glencore had a relevant interest in 73.5% of Minara's shares.

The only conditions to which the announced Offer was subject were certain statutory 'prescribed occurrence' conditions, including the appointment of an administrator or the winding up of Minara. On 15 September 2011, Glencore provided notice to ASX Limited (ASX) declaring the Offer free from all defeating conditions. There is no minimum acceptance condition or financing condition attached to the Offer.

Minara is an Australian based nickel production and exploration company listed on the Official List of ASX. As at 13 September 2011, the Company had a market capitalisation of approximately $1.0 billion. Minara's principal asset is its 60% interest in the Murrin Murrin Nickel and Cobalt Joint Venture project (Murrin Murrin) located between Leonora and Laverton in the North Eastern Goldfields of Western Australia.

Glencore is a global integrated producer and marketer of commodities with a primary listing on the London Stock Exchange (LSE) and a secondary listing on the Stock Exchange of Hong Kong (HKEx). As at 13 September 2011, Glencore had a market capitalisation of approximately $43.6 billion[3]. Glencore has interests in various publicly listed companies including Xstrata plc, Century Aluminum Company, Minara, Katanga Mining Limited, United Company Rusal Limited, Chemoil Energy Ltd and Recylex

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[1] References in this report to the offer by Glencore for Minara shares should be read as referring to the takeover offer by Glencore Investment Pty Ltd

[2] All amounts are denominated in Australian dollars ($) unless specifically noted otherwise

[3] Calculated at a spot exchange rate of AUD:GBP of 1.532

S.A. Glencore also has a 40% direct interest in Murrin Murrin through its wholly owned subsidiary Glenmurrin Pty Ltd.

Further details in relation to the terms of the Offer are set out in the Bidder's Statement which was sent to non-associated shareholders on 9 September 2011 and in the Target's Statement to which this report is attached.

The Directors of Minara not associated with Glencore have requested KPMG Corporate Finance (Aust) Pty Ltd (KPMG) to prepare an Independent Expert Report (IER) to the shareholders of Minara not associated with Glencore (non-associated shareholders) setting out whether or not, in our opinion, the Offer is fair and reasonable.

This report should be considered in conjunction with and not independently of the information set out in the Target's Statement.

2 Scope of Report

This report has been prepared for inclusion in the Target's Statement in accordance with the requirements of section 640 of the Corporation Act (the Act).

The sole purpose of this report is an expression of the opinion of KPMG as to whether the Offer is fair and reasonable to non-associated shareholders. This report should not be used for any other purposes or by any other party.

2.1 Technical Requirement

Under Section 640 of the Act, an IER is required to be included in a Target's Statement, where the bidder is connected with the target. A bidder is regarded as being connected with the target under the following circumstances:

- the bidder's voting power in the target is 30% or more
- the bidder and target have a common director.

Glencore's current voting power in Minara is greater than 30%, and Glencore Investment Pty Ltd and Minara have a common director, and therefore an IER is required to be prepared setting out whether the Offer is considered fair and reasonable to non-associated shareholders.

Regulatory Guide 111 "Content of expert reports" (RG 111), issued by the Australian Securities and Investment Commission (ASIC) indicates the principles and matters which it expects a person preparing an IER to consider, in determining whether an offer is "fair and reasonable".

RG 111 provides that an offer is fair if the value of the consideration is equal to or greater than the value of the securities subject to the offer. It is a requirement of RG 111 that the comparison is to be made assuming 100% ownership of the 'target' and irrespective of whether the consideration is scrip or cash and without considering the percentage holding of the 'bidder' or its associates in the target prior to the bid. That is, RG 111 requires the value of Minara to be assessed as if Glencore was acquiring 100% of Minara, not just the 26.5% that it does not already have a relevant interest in.

Accordingly, the principal matter we were required to consider is whether the Offer of $0.87 cash per share is at or exceeds the fair market value of a Minara share on a 100% control basis.

When assessing the full underlying value of the Company, we have considered those synergies and benefits that would be available to a pool of potential purchasers of Minara. We have not included the value of special benefits that may be unique to Glencore. Accordingly, our valuation of Minara has been determined regardless of the bidder and any special benefits have been considered separately.

Reasonableness

An offer is deemed by RG 111 to be "reasonable" if it is fair. However an offer can also be reasonable even if despite not being fair there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer. In considering whether the Offer is reasonable, we have therefore also considered the following factors:

- recent trading prices and liquidity of Minara shares on the Securities Exchange of ASX
- the extent of any implied premium for control, if any, being received by non-associated shareholders
- the level of any special value available to Glencore
- likelihood of an alternative offer
- the consequences of not accepting the Offer
- the implications of the Offer including financial, tax and liquidity issues
- other implications of the Offer
- advantages, disadvantages and other considerations in relation to the Offer.

3 Opinion

In our opinion the Offer is fair and reasonable

In forming our opinion on the fairness of the Offer to non-associated shareholders, the principal matter we considered was whether the consideration under the Offer of $0.87 cash per share is at or exceeds the fair market value of a Minara share on a 100% control basis.

We have assessed the fair market value of a Minara share, inclusive of a full premium for control, to lie in the range of $0.70 to $0.97 per share. Therefore, in our opinion, the Offer of $0.87 cash is fair as the value of the consideration to be received by non-associated shareholders falls comfortably within and above the mid-point of our range of assessed fair market values for a Minara share.

In forming our opinion, we have placed reliance on the report presented by SRK Consulting (Australasia) Pty Ltd (SRK or the Technical Specialist), the independent mineral industry specialist engaged by us, to assist in relation to the assessment of value of Minara's mineral assets. A copy of SRK's report is attached at Appendix 8.

We would highlight to readers that our range of assessed values for Minara, which primarily reflects SRK's assessed values for Murrin Murrin, is particularly sensitive to assumed future nickel price and exchange rate assumptions as well as to nickel production assumptions including, in particular, nickel recovery and autoclave feed tonnes. In this regard we note that:

- Commodity and exchange rate markets have exhibited a significant degree of volatility in recent times and there is a wide range of views on the part of commodity and market analysts as to future commodity prices and exchange rates. KPMG's forecast spot commodity price and exchange rate assumptions have been determined after consideration of the consensus forecasts of those market analysts considered by us as well as those assumptions implied by forward curves. However, a wide range of assumptions could credibly be adopted, which could impact assessed fair values either positively or negatively.

- In recent times production levels at Murrin Murrin have been negatively impacted by unplanned interruptions and stoppages. Whilst SRK consider the production forecasts to be achievable and Minara's management consider that the majority of residual production issues have been addressed, given the recent operational history at Murrin Murrin there is a risk that unforeseen events beyond the control of management may adversely affect production from time to time.

We also note that we have not included in our range of fair values the impact of a carbon tax regime. Having regard to the nature of Minara's input costs and emissions profile, it is likely that any future carbon tax regime would impact negatively upon our range of assessed fair value for Minara's shares.

Whilst the assumptions adopted by SRK and us in determining our range of assessed fair values for a Minara share at the date of this report are considered reasonable, depending upon the views taken by individual shareholders in relation to the prospects of Minara's assets and the assumptions discussed above, in particular the prospects for advantageous movements in nickel prices and/or exchange rates, it is conceivable that individual shareholders could form a different view to us as to an appropriate range of values and potentially a different opinion in relation to fairness. In this context, we draw shareholders attention to the sensitivity analysis set out in section 8.1.3 of the SRK report.

Our assessment of the key issues considered in forming our opinion, and the issues that non-associated shareholders should consider in deciding whether to accept the Offer, are set out below.

3.1 Assessment of the fairness of the Offer

We have assessed the underlying value of Minara as a whole to lie in the range of $813.5 million to $1,133.3 million, or between approximately $0.70 and $0.97 per Minara share as summarised in the table below. This compares to the consideration under the Offer of $0.87 per share. Accordingly, the Offer is fair.

Table 1: Summary of assessed fair market value of Minara inclusive of a full premium for control

	Assessed values	
	Low $ M	High $ M
60% interest in Murrin Murrin	543.2	800.2
Other mineral assets	111.4	167.1
Total mineral assets	**654.6**	**967.3**
Add: Cash and cash equivalents	202.8	202.8
Inventory – finished goods	5.8	5.8
Other net assets	19.8	26.9
Less: Future corporate overheads	(69.5)	(69.5)
Total equity value	**813.5**	**1,133.3**
Number of ordinary shares (millions)	1,169.4	1,169.4
Value per share, inclusive of a full premium for control	**0.70**	**0.97**
Note: Figures may not add exactly due to rounding		

Source: KPMG analysis and SRK report

Given that the principal assets of Minara comprise mineral assets, SRK was engaged by us to act as the independent mineral specialist to assist in relation to the valuation of Minara's mineral assets.

Our range of assessed values has been prepared on a sum of the parts basis and incorporates additional value resulting from estimated corporate cost savings that would generally be available to a pool of purchasers. It does not include any other potential strategic or operational benefits unique to the Glencore associated with control of Minara.

Our range of values represents:

- a premium of between 9% and 52% to the closing price for a Minara share of $0.64 on the day immediately prior to the announcement of the Offer
- a nil premium at the low end and a premium of 49.2% at the high end when compared to the volume weighted average trading price (VWAP), (which, in theory, excludes a premium for control) for a Minara share measured at various points in the three months prior to the announcement of the Offer as set out in the table below. We note that the liquidity of trading in Minara shares in this period has been low.

Table 2: Premium to Minara's historical VWAP

Period up to and including 23 August 2011	VWAP $	KPMG value Low $	KPMG value High $	Implied premium Low %	Implied premium High %
1 day	0.65	0.70	0.97	7.7%	49.2%
1 week	0.66	0.70	0.97	6.1%	47.0%
1 month	0.66	0.70	0.97	6.1%	47.0%
3 months	0.70	0.70	0.97	-	38.6%

Source: Capital IQ and KPMG analysis

3.2 Assessment of the reasonableness of the Offer

Whilst the Offer has been assessed as being fair and therefore pursuant to the operation of RG 111 is deemed also to be 'reasonable', we have set out below other matters that non-associated shareholders may wish to consider in deciding whether to accept the Offer.

Advantages

The consideration under the Offer represents a premium to recent trading prices for Minara shares

The consideration offered of $0.87 cash for each Minara share represents a premium to Minara's historical VWAP in the three months leading up to the announcement of the Offer as detailed in the table below.

Table 3: Offer price premium to Minara's historical VWAP

Period up to and including 23 August 2011	VWAP $	Offer price $	Premium above VWAP (%)
1 day	0.65	0.87	33.8%
1 week	0.66	0.87	31.8%
1 month	0.66	0.87	31.8%
3 months	0.70	0.87	24.3%

Source: Capital IQ and KPMG analysis

In order to assess a reasonable range for implied acquisition premia in Australia, we have analysed transaction data included in the Metals and Mining classification of the Global Industry Classification Standard over the 10 year period 23 August 2001 to 24 August 2011. A data set of 121 takeovers was sourced from Connect 4, constituting successful bids, where data on implied market values and two, five and twenty-day premia were available. Including all 121 transactions, our analysis indicated twenty-day acquisition premia had an average and median of approximately 83.1% and 35.3% respectively.

Excluding those transactions considered by us to be outliers, the average and median premia are approximately 46.0% and 36.8% respectively. We also note that approximately 45% of those takeovers reviewed, excluding outliers, had premia greater than 40%.

It is apparent from our review of these transactions that there is a wide dispersion of observed acquisition premia. This is not unexpected given that acquisition premia can be affected by a wide range of factors, including:

- market speculation prior to the official announcement of a takeover
- the level of pre-existing ownership by the offeror
- the level of operating synergies and/or special benefits that may exist to an offeror
- the impact of contested/hostile takeovers
- the liquidity of the stock prior to the offer
- the level of gearing employed by the target company.

Having considered these factors and the nature of the distribution of our observed data, we consider, on balance, that it is reasonable to suggest that in Australia, successful transaction in the metals and mining sector are typically likely to currently complete within an acquisition premia range of 35% to 45%.

The premium implied by the cash offer of $0.87 per share and Minara's recent VWAP lies just below the range set out above. This may reflect that Glencore already has a relevant interest in approximately 73.5% of Minara's issued capital and a relevant interest of approximately 84.1% in Murrin Murrin and therefore already effectively has full management control of Minara. Given this, Glencore would not be expected to pay a full premium for control as if it was acquiring 100% rather than just 26.5% of Minara. Therefore, whilst we have concluded that the Offer is fair based on our range of assessed fair values, it would still have been possible, even if the assessed fair values had been assessed to be higher, to have concluded that the Offer was reasonable even if it had been concluded that the Offer was not fair. This may be an important consideration for any non-associated shareholders contemplating the Offer who believe that the fair value of a share in Minara is higher than the values assessed by us.

Counterbalancing this to some extent, we also note that whilst it is unlikely that Glencore will be in a position to extract material direct cost savings over and above those generally available to a pool of purchasers; Glencore may, arguably, be able to extract unique benefits in relation to the ability to cancel its current marketing arrangements with Minara. However, in this regard, we note that Minara's non-associated shareholders approved an offtake agreement between Minara and Glencore in relation to Minara's nickel and cobalt production (the Offtake Agreement) on 13 May 2011. An assessment of the transaction prepared by Ernst & Young Transaction Advisory Services Limited dated 23 March 2011 indicated the Offtake Agreement provides significant working capital and cash flow benefits to Minara, in exchange for Glencore securing 100% of Minara's current production. By the acquisition of Minara Glencore will secure unfettered access to Minara's production on a permanent basis whilst also avoiding the current delivery and payment terms under the Offtake Agreement. Furthermore, we note that Glencore would also be able to control the timing and extent of supply from Murrin Murrin to the market in order to maximise the value of its current commercial relationship with other nickel market participants.

The Offer provides the opportunity for all non-associated shareholders to exit their investment now for a certain cash amount

Pursuant to the terms of the Offer, non-associated shareholders will have the opportunity to receive a certain cash amount now of $0.87 per Minara share held. This provides certainty to shareholders in relation to the pre-tax amount that they will receive for their investment and, at the date of this report, represents a premium to the highest price at which Minara shares traded over the 5 months prior to the announcement of the Offer.

Non-associated shareholders wishing to exit their investment who do not accept the Offer will, in the absence of a similar transaction, and subject to Glencore not achieving sufficient acceptances to move to compulsory acquisition, be required to do so through the securities exchange of ASX, which may also incur brokerage fees.

Having regard to the volume of trading in Minara shares in the period prior to the announcement of the Offer, it is likely that, should a significant proportion of non-associated shareholders wish to exit their investment in the short to medium term, this would be required to be completed over an extended period in order to avoid an overhang in Minara's stock.

Should Glencore achieve an interest of 75% or more in Minara as a result of the Offer, which given its pre-existing 73.5% relevant interest in Minara's shares appears a reasonable possibility, it will be able to pass special resolutions without needing the approval of other Minara shareholders. This may further limit the appeal of Minara to the market resulting in a diminution of trading volume.

Disadvantages

Tax consequences

Non-associated shareholders who accept the Offer will receive $0.87 cash for each Minara share currently held, which may, depending upon individual non-associated shareholders taxation position, give rise to Capital Gains Tax consequences at a time that may or may not be advantageous to individual non-associated shareholders. Minara shareholders are strongly encouraged to read the outline of the taxation implications of the Offer prepared by Minara, which is included in the Target's Statement at section 3.11 and, if in any doubt, should seek their own independent taxation advice regarding the taxation consequences of the Offer.

Accepting shareholders will no longer have any exposure to Murrin Murrin

Our range of assessed fair values for a Minara share is particularly sensitive to nickel price and exchange rate assumptions. Commodity and exchange rate markets have exhibited a significant degree of volatility in recent times and there is a wide range of views on the part of commodity and market analysts as to future commodity prices and exchange rates. KPMG's forecast spot commodity price and exchange rate assumptions have been determined after consideration of the consensus forecasts of those market analysts considered by us as well as those assumptions implied by forward curves. However, a wide range of assumptions could credibly be adopted, which could impact assessed fair values either positively or negatively.

Accepting shareholders will no longer have exposure to Murrin Murrin and the leverage to the future nickel price and the AUD:USD exchange rate this brings. It would however be open to non-associated shareholders to reinvest the proceeds from acceptance of the Offer in an alternative nickel play.

Non-associated shareholders wishing to retain their interest in the Company may not be able to do so

In the event Glencore is successful in securing sufficient acceptance to move to compulsory acquisition, which would require acceptance of the Offer by 75% of current non-associated shareholders, those shareholders wishing to retain their interest in the Company may not be able to do so. We note that, even if Glencore does not succeed in securing acceptance of the Offer by 75% of current non-associated shareholders, Glencore may nevertheless become entitled to exercise general compulsory acquisition rights under the Act if it achieves an interest of 90% or more in Minara's total shares on issue.

Other considerations

Minara's share price will likely fall in the absence of the Offer

We note that in the period subsequent to the announcement of the Offer, Minara shares have generally traded at or above the offer price of $0.87 representing a significant premium to the Company's VWAP measured at various points in the 3-month period immediately prior to the announcement. Given there has not been any material announcements by the Company subsequent to the announcement of the Offer and the general recent movement in equity markets, we consider that there is a real prospect that Minara's shares may fall from their current levels in the absence of the Offer, reflecting the withdrawal of the implied premium of the Offer.

However, it is also possible, albeit unlikely, the Company's shares may trade at above pre-announcement levels as a consequence of the additional information provided to the market, in particular, information contained in this report and in the balance of the Target's Statement in relation to the prospects of the Company for the future.

The potential for an alternative superior offer is considered extremely unlikely

We have been informed that the Company is not aware of any alternate formal offers either for the Company as a whole or for individual assets to that put forward by Glencore.

Given the level of Glencore's pre-existing majority shareholding in Minara and the current Offtake Agreement for all of Minara's production at Murrin Murrin which reduces the attractiveness to acquirers seeking to secure supply of raw materials, we consider there to be significant impediments to the emergence of a competing bid. In our opinion, the prospect of an alternative offer is considered to be extremely remote.

Whilst non-associated shareholders could reject the Offer in the hope that Glencore will increase the consideration offered, there can be no guarantee that Glencore would do so.

Implications in the event Glencore does not achieve full control of Minara

We have been advised by the Company that, in the event that Glencore does not achieve full control of Minara, either through the Offer itself or subsequently through the compulsory acquisition mechanism prescribed in the Act in the event it is successful in acquiring an interest of 90% or more in Minara, the Company is not aware of any proposal that Minara will be de-listed from the Official List of ASX and the Company anticipates that the business of Minara will, in the foreseeable future, continue to be conducted in the manner in which it is presently conducted and continue to operate in line with the Company's previously stated objectives.

4 Other matters

In forming our opinion, we have considered the interests of non-associated shareholders as a whole. This advice therefore does not consider the financial situation, objectives or needs of individual shareholders. It is not practical or possible to assess the implications of the Offer on individual shareholders as we do not know their specific financial circumstances.

The decision of non-associated shareholders as to whether or not to accept the Offer is a matter for individual shareholders based on, amongst other things, their risk profile, liquidity preference, investment strategy and tax position. Individual non-associated shareholders should therefore consider the appropriateness of our opinion to their specific circumstances before acting on it. As an individual's decision to accept or reject the Offer may be influenced by his or her particular circumstances, we recommend that individual non-associated shareholders, including residents of foreign jurisdictions, seek their own independent professional advice.

Our opinion is based solely on prevailing market, economic and other conditions and information available as at the date of this report as set out in Appendix 2. Conditions can change over relatively short periods of time. Any subsequent changes in these conditions could impact upon our opinion. We note that we have not undertaken to update our report for events or circumstances arising after the date of this report other than those of a material nature which would impact upon our opinion. We refer readers to the limitations and reliance on information section as set out in section 5 of our report. In particular, it is not the role of the Independent Expert to undertake the commercial and legal due diligence that a bidder and its advisers may undertake. KPMG provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process, which is outside our control and beyond the scope of this report. We have assumed that the due diligence process was conducted in an adequate and appropriate manner.

Our report has also been prepared in accordance with the relevant provisions of the Act and other applicable Australian regulatory requirements. This report has been prepared solely for the purpose of assisting non-associated shareholders in considering the Offer. We do not assume any responsibility or liability to any other party as a result of reliance on this report for any other purpose.

This report has been prepared solely for the purposes of assisting Minara's non-associated shareholders in considering the Offer. We do not assume any responsibility or liability to any other party as a result of reliance on this report for any other purpose. Our opinion should not be taken to represent a recommendation by KPMG as to whether or not non-associated shareholders should accept the Offer.

Neither the whole nor any part of this report or its attachments or any reference thereto may be included in or attached to any document, other than the Target's Statement to be sent to shareholders in relation to the Offer, without the prior written consent of KPMG as to the form and context in which it appears. KPMG consents to the inclusion of this report in the form and context in which it appears in the Target's Statement.

The above opinion should be considered in conjunction with and not independently of the information set out in the balance of our report and appendices as attached.

Yours faithfully

J Hughes

Jason Hughes
Authorised Representative

D Calder

Duncan Calder
Authorised Representative

Contents

Financial Services Guide

Dated 16 September 2011

What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by **KPMG Corporate Finance (Aust) Pty Ltd ABN 43 007 363 215**, Australian Financial Services Licence Number 246901 **(KPMG)**, Jason Hughes as an authorised representative of KPMG, authorised representative number 484183 and Duncan Calder as an authorised representative of KPMG, authorised representative number 405339 **(Authorised Representatives)**

This FSG includes information about:

- KPMG and its Authorised Representatives and how they can be contacted
- the services KPMG and its Authorised Representatives are authorised to provide
- how KPMG and its Authorised Representatives are paid
- any relevant associations or relationships of KPMG and its Authorised Representatives
- how complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- the compensation arrangements that KPMG has in place.

The distribution of this FSG by the Authorised Representatives has been authorised by KPMG.
This FSG forms part of an Independent Expert Report (Report) which has been prepared for inclusion in a target's statement. The purpose of the target's statement is to help you make an informed decision in relation to a financial product. The contents of the target's statement will include details such as the risks, benefits and costs of dealing in the particular financial product.

Financial services that KPMG and the Authorised Representatives are authorised to provide

KPMG holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for the following classes of financial products:

- deposit and non-cash payment products;
- derivatives;
- foreign exchange contracts;
- government debentures, stocks or bonds;
- interests in managed investment schemes excluding investor directed portfolio services;
- securities, and
- superannuation,

to retail and wholesale clients. We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products. The Authorised Representatives are authorised by KPMG to provide financial product advice on KPMG's behalf.

KPMG and the Authorised Representatives' responsibility to you

KPMG has been engaged by Minara Resources Limited (Client or Minara) to provide general financial product advice in the form of a Report to be included in Target's Statement (Document) prepared by Minara in relation to the off-market takeover offer by Glencore Investment Pty Ltd, a wholly owned subsidiary of Glencore International Plc (Glencore) for all of the shares in Minara (Transaction).

You have not engaged KPMG or the Authorised Representatives directly but have received a copy of the Report because you have been provided with a copy of the Document. Neither KPMG nor the Authorised Representatives are acting for any person other than the Client.

KPMG and the Authorised Representatives are responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General Advice

As KPMG has been engaged by the Client, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Document before making any decision in relation to the Transaction.

Fees KPMG may receive and remuneration or other benefits received by our representatives

KPMG charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay KPMG in the order of $180,000 for preparing the Report. KPMG and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of the Report.

KPMG officers and representatives (including the Authorised Representatives) receive a salary or a partnership distribution from KPMG's Australian professional advisory and accounting practice (the KPMG Partnership). KPMG 's representatives (including the Authorised Representatives) are eligible for bonuses based on overall productivity. Bonuses and other remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report.

Further details may be provided on request.

Referrals

Neither KPMG nor the Authorised Representatives pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and relationships

Through a variety of corporate and trust structures KPMG is controlled by and operates as part of the KPMG Partnership. KPMG 's directors and Authorised Representatives may be partners in the KPMG Partnership. The Authorised Representatives are partners in the KPMG Partnership. The financial product advice in the Report is provided by KPMG and the Authorised Representatives and not by the KPMG Partnership.

From time to time KPMG, the KPMG Partnership and related entities (KPMG entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

KPMG entities have provided, and continue to provide, a range of advisory services to the Client for which professional fees are received. Over the past two years professional fees of approximately $110,000 have been received from the Client. None of those services have related to the transaction or alternatives to the transaction.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the transaction.

Complaints resolution

Internal complaints resolution process

If you have a complaint, please let either KPMG or the Authorised Representatives know. Formal complaints should be sent in writing to The Complaints Officer, KPMG, PO Box H67, Australia Square, Sydney NSW 1213. If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on 02 9335 7000 and they will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing.

External complaints resolution process

If KPMG or the Authorised Representatives cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service (FOS). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly at:

Address: Financial Ombudsman Service Limited, GPO Box 3, Melbourne Victoria 3001
Telephone: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au.

The Australian Securities and Investments Commission also has a freecall infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation arrangements

KPMG has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

Contact Details

You may contact KPMG or the Authorised Representatives using the contact details:

KPMG Corporate Finance (Aust) Pty Ltd
10 Shelley St
Sydney NSW 2000

PO Box H67
Australia Square
NSW 1213
Telephone: (02) 9335 7000
Facsimile: (02) 9335 7200

Jason Hughes/Duncan Calder
C/O KPMG
PO Box H67
Australia Square
NSW 1213
Telephone: (02) 9335 7000
Facsimile: (02) 9335 7200

5 Scope of the report

5.1 Limitations and reliance on information

In preparing this report and arriving at our opinion, we have considered the information detailed in Appendix 2 of this report. Nothing in this report should be taken to imply that KPMG has verified any information supplied to us, or has in any way carried out an audit of the books of account or other records of Minara for the purposes of this report.

Further, we note that an important part of the information base used in forming our opinion is comprised of the opinions and judgements of management. In addition, we have also had discussions with Minara's management and Directors not associated with Glencore in relation to the nature of the Company's business operations, its specific risks and opportunities, its historical results and its prospects for the foreseeable future. This type of information has been evaluated through analysis, enquiry and review to the extent practical. However, such information is often not capable of external verification or validation. It is our view that all material information that we have relied on in forming our opinion is reasonable.

We have no reason to believe that any material facts have been withheld from us but do not warrant that our inquiries have revealed all of the matters which an audit or extensive examination might disclose. The statements and opinions included in this report are given in good faith, and in the belief that such statements and opinions are not false or misleading.

The information provided to KPMG and SRK included forecasts/projections and other information prepared by the management of Minara and amended by KPMG and/or SRK where considered appropriate. Whilst KPMG has relied upon this forward-looking financial information in preparing this report, Minara remains responsible for all aspects of this forward-looking financial information. Achievement of forecast/projected results is not warranted or guaranteed by KPMG. Forward-looking financial information is by its nature uncertain and is dependent on a number of future events that cannot be guaranteed. Actual results may vary significantly from the forecasts/projections relied on by KPMG. Any variations from forecasts/projections may affect our valuation and opinion.

It is not the role of the independent expert to undertake the commercial and legal due diligence that a bidder may undertake. The Directors together with the Company's legal and financial advisers, are responsible for conducting due diligence in relation to the Offer. KPMG provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process, which is outside our control and beyond the scope of this report. We have assumed that the due diligence process has been and is being conducted in an adequate and appropriate manner.

On 2 May 2010, the Australian Government, in response to the Henry Review, announced the possibility of a reduction in the corporate tax rate. This was followed by an announcement in July 2010 stating that the corporate tax rate would be reduced to 29%, generally effective from 1 July 2013 for large businesses. It is intended that this reduction is to be funded largely by the implementation of resource taxation reforms. At the time of preparing this report the Government has not introduced legislation into Parliament in respect of either the resource taxation reforms or the reduction in the corporate tax rate.

Accordingly, to the extent it is relevant, we have maintained the Australian corporate tax at 30% for the purposes of this report.

On 10 July 2011, the Australian Government announced the release of its Climate Change Plan introducing its proposed carbon price mechanism (carbon tax). At the time of preparing this report, the Government has not passed this legislation through Parliament and therefore the final details of any mechanism, including future medium term carbon price, and/or transition to trading scheme are not known with any certainty. In turn, the potential impact of a future carbon tax upon the financial performance of Minara, if any, cannot be reliability determined at this time. As such, we have not included any adjustment to our range of fair values to reflect the potential impost of a carbon tax.

The opinion of KPMG is based on prevailing market, economic and other conditions at the date of this report. Conditions can change over relatively short periods of time. Any subsequent changes in these conditions could impact upon our opinion. We note that we have not undertaken to update our report for events or circumstances arising after the date of this report other than those of a material nature which would impact upon our opinion.

5.2 Disclosure of information

In preparing this report, KPMG has had access to all financial information considered necessary in order to provide the required opinion. Due to commercial sensitivity we have limited the level of disclosure in relation to certain key business arrangements however, we have disclosed a summary of material information which we relied on in forming our opinion.

5.3 Reliance on technical specialist

ASIC Regulatory Guides envisage the use by an independent expert of specialists when valuing specific assets. To assist KPMG in the valuation of Minara's assets, SRK was engaged to prepare an independent technical report providing a valuation of Minara's production and exploration assets. A copy of SRK's report is attached to this report as Appendix 8.

SRK's report was prepared in accordance with the requirements of the Australian Institute of Mining and Metallurgy (AusIMM) Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports (the ValMin Code).

ASIC Regulatory Guides recommend the fees payable to the technical specialists be paid in the first instance by the independent expert and claimed back from the party commissioning the independent expert. KPMG's preferred basis for appointment of independent technical specialists is that, whilst KPMG engages the technical specialist, the client pays the fees directly to the technical specialist. We do not consider that the independence of the technical specialist is impaired by this arrangement.

We have satisfied ourselves as to SRK's qualifications and independence from Minara and Glencore and have placed reliance on its report.

The valuation methodologies adopted by SRK are outlined in its report and include a combination, as appropriate, of:

- DCF
- exploration transaction comparisons and a multiplier on past exploration expenditure
- market based approach based on resources and comparable transactions in the industry.

Due to the various uncertainties inherent in the valuation process, SRK has determined a range of values within which it considers the value of each of the mineral assets of Minara to lie. We have considered the commercial, operational and financial assumptions used in SRK's cash flow models. KPMG was responsible for the determination of certain macroeconomic and other assumptions such as exchange rates, discount rates, inflation and taxation assumptions. The valuations ascribed by SRK to the mineral assets of Minara have been adopted in this report.

6 Industry overview

Minara's principal asset is its 60% interest in the Murrin Murrin project. In order to provide a context for assessing the prospects of Minara, we have included at Appendix 3 an overview of recent trends in the global nickel market.

7 Profile of Minara

7.1 Company overview

Minara was incorporated in 1993 as Anaconda Nickel NL and changed its name to Minara Resources Limited in 2003. Minara was listed on the ASX in March 1994.

The Company's principal activity is in the mining and processing of laterite ore to produce nickel and cobalt. Minara also explores for nickel and manganese, directly and in joint ventures with third parties. The Company is one of Australia's largest nickel producers and at the close of trade on 13 September 2011, Minara had a market capitalisation of approximately $1.03 billion.

7.2 Murrin Murrin

The Company's principal asset comprises its 60% interest in Murrin Murrin through its wholly owned subsidiary, Murrin Murrin Holdings Pty Ltd. Glencore, through its 100% subsidiary Glenmurrin Pty Ltd, holds the remaining 40% interest in Murrin Murrin. As at 8 September 2011, Glencore held a relevant interest in approximately 73.5% of Minara's issued capital[4], increasing its effective overall financial interest in the Murrin Murrin project to 84.1%.

Murrin Murrin is a hydrometallurgical project, using conventional open pit mining techniques followed by ore processing using sulphuric acid in high temperature, high pressure autoclave vessels to leach

[4] These Minara shares are held by Glencore's wholly owned subsidiary, Glencore International AG and Glencore Investment Pty Ltd

nickel and cobalt from low-grade laterite ores, located in the North Eastern Goldfields region between the towns of Leonora and Laverton, Western Australia.

Production

Murrin Murrin first commenced production in 1999 and has experienced a series of technical difficulties since commissioning. Whilst now largely rectified, these issues have meant that the project is yet to achieve its target production capacity of approximately 40,000 tonnes per annum of nickel and 5,000 tonnes of cobalt per annum. Between 2006 and 2010, an average of 30,195 tonnes per annum of nickel were produced from the mine. A summary of production from Murrin Murrin over the five years to 31 December 2010 is set out in the table below.

Table 4: Summary of production and trading performance

	Year ended 31 Dec 06	Year ended 31 Dec 07	Year ended 31 Dec 08	Year ended 31 Dec 09	Year ended 31 Dec 10
Murrin Murrin production					
- Nickel (tonnes packaged)	31,524	27,585	30,514	32,977	28,378
- Cobalt (tonnes packaged)	2,096	1,884	2,018	2,350	1,976
Minara's share (60%)					
- Nickel (tonnes packaged)	18,914	16,551	18,308	19,786	17,027
- Cobalt (tonnes packaged)	1,258	1,130	1,211	1,410	1,186
Minara's trading performance ($M)					
- Revenue	751.9	783.4	425.4	446.1	464.8
- Net profit/(loss) after tax	337.2	270.5	(19.8)	48.5	58.4

Source: Minara's annual reports

Production at Murrin Murrin for the six months ended 30 June 2011 was 14,625 tonnes of nickel packaged and 945 tonnes of cobalt packaged as set out in the table below.

Table 5: Production summary

	6 months ended 30 Jun 11
Material mined – BCM	6,107,488
Autoclave feed – tonnes	1,331,584
Autoclave feed grade (Ni) - %	1.27
Nickel production – tonnes packaged	14,625
Cobalt production – tonnes packaged	945
Direct cash cost[1] – US$/lb Ni	8.00

Note:
1 Cash cost refers to all costs directly associated with mining activities, mine administration, processing and refining and are net of by-product credits

Source: Quarterly reports for the periods ended 30 June 2011 and 31 March 2011

Production during the six months to 30 June 2011 was impacted by a series of extreme weather conditions and flooding in February 2011, several maintenance issues in the second quarter and the failure of a heat exchanger within the acid plant in late June. Several planned maintenance projects were also completed during the six months to 30 June 2011, including mill re-lines, annual autoclave maintenance activities and a steam turbine overhaul.

Currently, Murrin Murrin has 30,800 tonnes of ore containing 1,560 nickel tonnes on its stockpile purchased from Western Areas' Spotted Quoll mine.

On 13 July 2011, Minara advised that it expects full year production for the 12 months to 31 December 2011 at Murrin Murrin to total between 29,000 and 32,000 tonnes of nickel packaged (100% basis).

Murrin Murrin's reserves and resources as at 31 December 2010 were as follows:

Table 6: Murrin Murrin's reserves and resources

	Tonnes (Mt)	Nickel Grade (%)	Cobalt Grade (%)
Ore Reserves			
Proven	93	1.06	0.082
Probable	65	1.04	0.079
Scats	1	1.01	0.073
Stockpiles	37	1.02	0.068
Total Reserve	**196**	**1.05**	**0.078**
Mineral Resources[1]			
Measured	114	1.03	0.076
Indicated	106	0.99	0.076
Inferred	10	0.94	0.058
Scats	1	1.01	0.073
Stockpiles (Measured)	37	1.02	0.068
Total Resource	**268**	**1.01**	**0.074**
Note 1. Resources are quoted inclusive of reserves			

Source: Minara's 31 December 2010 Annual Report

Current development

The Murrin Murrin East (MME) ore-body is expected to improve the delivered grade of nickel to the plant over the next five to eight years. During the six months to 30 June 2011, the MME ore body haul road was completed ahead of schedule and the blending of MME ore with existing ore sources into ROM stockpiles commenced. MME processing volumes are expected to ramp-up to full budgeted levels across the second half of 2011, contributing to an expected increase in autoclave feed grade to over 1.30% nickel for the remainder of the year.

The MME ore-body comprises approximately 34% of Murrin Murrin's total proven and probable in-situ reserves.

Near-mine exploration

Minara's near-mine exploration programme continued during the quarter ended 30 June 2011 with drilling recommencing on high grade targets. This drilling programme is expected to continue for the remainder of 2011 with the aim of delineating zones of higher-grade ore within the existing mine environs and proving up additional resources with near term mining potential.

Further information in relation to the Murrin Murrin production assets are detailed in SRK's report attached to this report.

7.3 Other mineral assets

Marshall Pool (Minara 60%)

The Marshall Pool deposit is a large low-grade laterite nickel deposit located 70 km north of Leonora in Western Australia and is 140 km from Murrin Murrin by sealed road.

During the June 2011 quarter, a pre-feasibility study into beneficiation of Marshall Pool ore was commenced. The study is focussed on the potential to generate intermediate beneficiated run of mine ore which can be transported to Murrin Murrin for further beneficiation and processing. Preliminary drill planning to provide core samples was completed, pulp re-samples were determined from existing pulps in storage and consultant selection advanced. However, the study has now been delayed due to limited availability of drill rigs.

Mount Lucky (Minara 60%)

The Mount Lucky deposit is a small low-grade manganese deposit near Laverton, Western Australia which is to be used for process enhancement of nickel sulphide ore and nickel sulphide concentrate. During the June 2011, quarter a programme of works was approved for a drilling programme to increase definition of the known mineralisation and to test deeper targets.

Pelican

The Pelican tenement is located due east of the Mount Lucky tenements near Burtville, southeast of Laverton. The area includes a non-Joint Ore Reserves Committee (JORC) nickel laterite deposit, which currently would not be suitable for transport and processing at Murrin Murrin.

The Irwin Hills – Coglia Well Joint Venture (Minara 36%)

The Irwin Hills project located 100 kilometres southeast of Laverton in Western Australia contains an inferred and indicated resource of 16.8 million tonnes at 1.07% nickel and 0.14% cobalt at a 0.8% nickel cut-off. Work completed during 2010 was limited to target generation.

Yerilla

Yerilla is a small deposit that currently is not reportable under JORC. Minara has 60% of the nickel rights.

The Bardoc Nickel Joint Venture (Minara 100% of nickel rights)

The Bardoc Nickel Joint Venture project is located 42 kms north of Kalgoorlie and south of the Scotia Nickel sulphide deposit. It is considered by Minara to be prospective for Scotia style nickel sulphide mineralisation. Drill planning commenced during 2010.

Bounty Nickel Royalty

In 2005, Minara purchased non-gold assets from the Administrator of Sons of Gwalia Ltd, including the Forrestania/Bounty Nickel Royalty. The Bounty/Forrestania Nickel Royalty will provide Minara with a five percent net revenue royalty (i.e. calculated based on income received less chargeable expenditures as defined in the royalty agreement) on nickel production on tenements located adjacent to already defined nickel deposits, in the Forrestania region of Western Australia.

Further information in relation to Minara's operations can be found in SRK's report in Appendix 8.

7.4 Historical financial performance

Minara's historical financial performance for the years ended 31 December 2009 and 31 December 2010, and the six months ended 30 June 2011 is summarised below.

Table 7: Minara's historical consolidated financial performance

	Audited Year ended 31 Dec 09 $000	Audited Year ended 31 Dec 10 $000	Reviewed Six months ended 30 Jun 11 $000
Revenue from operations	446,074	464,810	228,348
Cost of production	(332,672)	(317,282)	(170,974)
Gross profit from the sale of product	**113,402**	**147,528**	**57,374**
Other revenue	3,688	5,756	12,157
Other expenses	(32,721)	(21,669)	(11,462)
Allowances and writedowns	(8,004)	(7,887)	(2,748)
EBITDA[1]	**76,365**	**123,728**	**55,321**
Depreciation and amortisation	(45,037)	(52,124)	(21,403)
EBIT[2]	**31,328**	**71,604**	**33,918**
Finance income	5,998	12,850	5,125
Finance expense	-	(8)	-
Profit before income tax	**37,326**	**84,446**	**39,043**
Income tax expense	11,209	(26,071)	(11,683)
Profit after tax	**48,535**	**58,375**	**27,360**
Weighted average ordinary shares on issue - 000s	*1,167,783.5*	*1,167,783.5*	*1,168,925.9*
Earnings per share – cents[3]	*4.16*	*5.04*	*2.33*

	Audited Year ended 31 Dec 09 $000	Audited Year ended 31 Dec 10 $000	Reviewed Six months ended 30 Jun 11 $000

Notes:
1 EBITDA is earnings before interest, tax, depreciation and amortisation.
2 EBIT is earnings before interest and tax.
3 Basic earnings per share is calculated by dividing net earnings for the year attributable to members of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Source: Minara's 2009 and 2010 Annual Reports and Half Year Report ended 30 June 2011

Minara's management has advised that financial performance for six months ended 30 June 2011 was impacted by, amongst other things, the following unusual events:

- regional flooding which resulted in an estimated 900 tonnes of lost nickel production in the first quarter of 2011
- failure of a heat exchanger in the Murrin Murrin acid plant which resulted in an estimated 2,000 tonnes of lost nickel production in the second quarter of 2011.

Murrin Murrin received a $17.8 million interim insurance payment in relation to lost production from the Train 1 HPAL autoclave pipeline failure at Murrin Murrin in May 2010. A further $1.2 million payment was received in July 2011 taking total interim payments received to date to $19.0 million (Minara's share $11.4 million).

For the six months ended 30 June 2011, Minara reported that direct cash costs (Brook Hunt definition: C1) increased to US$8.00/lb nickel, net of by-product credits (2010: US$5.76/lb). The increase in unit costs was attributed to an increase in the AUD:USD exchange rate estimated to have added US$1.07/lb nickel and the extreme weather, higher than budgeted maintenance costs, and production interruptions referred to above.

Minara's management advised in its half year results announcement that the production profile at Murrin Murrin is expected to improve in the period to 31 December 2011, reflecting increased plant availability and increased processed ore-grade following the ramp up to full production from the MME ore-body.

Due to the interruptions during the first half of the financial year, Minara reduced Murrin Murrin's 2011 production guidance to between 29,000 to 32,000 tonnes of nickel packaged.

7.5 Historical Financial Position

Minara's historical financial position as at 31 December 2009, 31 December 2010 and 30 June 2011 is summarised in the table below.

Table 8: Minara's historical consolidated financial position

	Audited 31 Dec 09 $000	Audited 31 Dec 10 $000	Reviewed 30 Jun 11 $000
Cash and cash equivalents	247,142	224,253	202,787
Trade and other receivables	55,953	55,096	39,422
Inventories	72,324	91,418	102,527
Other	86	5,766	2,519
Total current assets	**375,505**	**376,533**	**347,255**
Trade and other receivables	1,223	2,185	2,119
Inventories	121,436	133,036	138,040
Plant and equipment	443,633	429,768	419,438
Mine assets	69,338	62,390	62,095
Other	1,140	1,599	1,613
Total non-current assets	**636,770**	**628,978**	**623,305**
Total assets	**1,012,275**	**1,005,511**	**970,560**
Trade and other payables	48,173	64,513	59,079
Borrowings	-	36	36
Provisions	8,614	10,465	10,762
Current tax liabilities	667	12,949	5,811
Total current liabilities	**57,454**	**87,963**	**75,688**
Trade and other payables	30,985	31,792	29,580
Borrowings	-	108	87
Provisions	32,956	32,352	32,800
Deferred tax liabilities	24,336	36,313	45,360
Total non-current liabilities	**88,277**	**100,565**	**107,827**
Total liabilities	**145,731**	**188,528**	**183,515**
Net assets	**866,544**	**816,983**	**787,045**
Shares on issue (000s)	*1,167,783.5*	*1,167,783.5*	*1,169,424.5*
Net asset backing per share - $	*0.74*	*0.70*	*0.67*
Gearing - %[1]	*0.00*	*0.02*	*0.02*
Current ratio - times[2]	*6.54*	*4.28*	*4.59*

Notes:

1 Gearing represents total loans and borrowings divided by net assets.

2 Current ratio represents current assets divided by current liabilities.

Source: Minara's 2009 and 2010 Annual Reports and Half Year Report ended 30 June 2011, KPMG analysis

We make the following observations in relation to Minara's financial position:

- excess cash raised under Minara's rights issue in December 2008 was returned to shareholders at the rate of 9.5 cents per share, resulting in a total of $111.0 million paid to shareholders in September 2010

- inventories include Minara's share of Murrin Murrin raw materials, ore stocks, work in progress and finished goods that are in a form expected to be sold. Inventories classified as non-current are not expected to be processed into final product and realised through sale within 12 months from the balance date

- plant and equipment primarily reflects Minara's share of the project infrastructure (i.e. plant, mobile equipment) in place for production at Murrin Murrin

- mine assets represent Minara's share of the written down value of the accumulated exploration, evaluation and development expenditure (incurred by or on behalf of Murrin Murrin and the Company) in relation to areas of interest and mine properties held

- a dividend of five cents per share was paid during the six months ending 30 June 2011, representing a reduction in cash of $58.5 million.

7.6 Statement of cash flows

Minara's historical cash flows for each of the years ended 31 December 2009 and 2010 and the six months ended 30 June 2011 are summarised in the table below.

Table 9: Minara's historical cash flows

	Audited 31 Dec 09 $000	Audited 31 Dec 10 $000	Reviewed six months ended 30 Jun 11 $000
Receipts from customers (inclusive of GST)	409,109	477,035	251,289
Payments to suppliers and employees (inclusive of GST)	(329,622)	(365,549)	(198,460)
Interest received	5,998	12,850	5,125
Interest and other costs of finance paid	-	(8)	-
Taxes (paid)/received	25,043	(1,812)	(9,774)
Net cash inflow from operating activities	**110,888**	**122,516**	**48,180**
Proceeds from sale of property, plant and equipment	-	12	90
Payments for property, plant and equipment	(5,431)	(32,485)	(10,905)
Payments for mine assets	-	(1,830)	-
Sale of nickel exploration rights	2,000	-	-
(Payments)/proceeds from term deposits and bonds	5,441	1,347	(112)
Net cash (outflow)/inflow from investing activities	**2,010**	**(32,956)**	**(10,927)**
Payment of return of capital	-	(110,939)	-
Repayment of lease liabilities	-	(6)	(21)
Repayment of payable due to Amshell Pty Ltd	(4,048)	(671)	-
Dividends paid to shareholders	-	-	(58,471)
Net cash outflow from financing activities	**(4,048)**	**(111,616)**	**(58,492)**
Net (decrease)/increase in cash and cash equivalents	**108,490**	**(22,056)**	**(21,239)**
Cash at the beginning of the period	142,540	247,142	224,253
Effects of exchange rate changes on cash and cash equivalents	(3,888)	(833)	(227)
Cash and cash equivalent at the end of the year	**247,142**	**224,253**	**202,787**

Source: Minara's 2009 and 2010 Annual Reports and Half Year Report ended 30 June 2011

7.7 Taxation

Minara and its wholly owned subsidiaries have not entered into a tax consolidated group at the date of this report. Minara's management estimates that it has approximately $70 million in revenue losses and $13 million in capital tax losses available within the Minara group. Minara commenced paying income tax during 2011 in relation to Murrin Murrin as these accumulated losses reside in group companies which are separate from the income producing companies within the Minara group of companies.

7.8 Insurance claims

As at 30 June 2011, Murrin Murrin had approximately $15.4 million outstanding in relation to the balance of an insurance claim relating to the 2010 failure of a feed pipe. Minara's share of this claim would be $9.2 million. Minara's management has advised that there is some uncertainty whether this amount will be recovered in full.

Minara's management has also advised of a potential insurance claim for Murrin Murrin in relation to the failure of a heat exchanger within the acid plant in June/July 2011, which has yet to be quantified and assessed, but is estimated to be in the order of $10 to $15 million (Minara's share: $6 to $9 million). Minara's management has advised that this potential claim is still subject to the completion of specific legal review.

7.9 Litigation

On 6 September 2005, Minara was served with a writ and statement of claim by persons claiming to represent the Wutha Native Title Claimant Group (Wutha) alleging breaches of an agreement entered into with Anaconda Nickel Ltd on 6 September 1996. On 10 August 2010, Wutha lodged a schedule of loss and damages claiming $62 million. We have been advised that these proceedings have been settled on confidential terms.

7.10 Share capital and ownership

As at 12 September 2011, Minara had 1,169,424,487 ordinary shares on issue as summarised in the table below.

Table 10: Minara's top ten shareholders

Shareholder	Number of shares held 000s	% of issued capital
Glencore International AG/C[1]	858,830	73.4
JP Morgan Nominees Australia Limited	38,899	3.3
JP Morgan Nominees Australia Limited (cash income account)	33,770	2.9
HSBC Custody Nominees Australia Limited	29,733	2.5
National Nominees Limited	27,846	2.4
Citicorp Nominees Pty Ltd	27,053	2.3
RBC Dexia Investor Services Australia Nominees Pty Limited	19,810	1.7
Brispot Nominees Pty Ltd	16,207	1.4
Morgan Stanley Australia Securities (Nominee) Pty Limited	9,048	0.8
Queensland Investment Corporation	5,854	0.5
Total number of shares held by the top 10 shareholders	**1,067,050**	**91.2**
Other shareholders	102,374	8.8
Total number of shares on issue	**1,169,424**	**100.0**

Note 1: As at 8 September 2011, according to Glencore's Bidder Statement sent to Minara shareholders, Glencore had a relevant interest in 73.5% of Minara's shares on issue, being 859,735,976 shares.

Source: Minara's management

Substantial shareholder notices have been received by Minara as set out below.

Table 11: Substantial shareholders

Shareholder	Date of notice	Number of shares held 000s	% of issued capital
Glencore Investment Pty Limited and its related bodies corporate[1]	24 August 2011	858,830	73.4

Note 1: As at 8 September 2011, according to Glencore's Bidder Statement sent to Minara shareholders, Glencore had a relevant interest in 73.5% of Minara's shares on issue, being 859,735,976 shares.

Source: Minara's management and ASX announcements

Minara does not currently have any options on issue.

7.11 Performance rights

Minara currently has 13.7 million performance rights on issue, which have various vesting dates and expiry dates as summarised in the table below.

Table 12: Performance rights

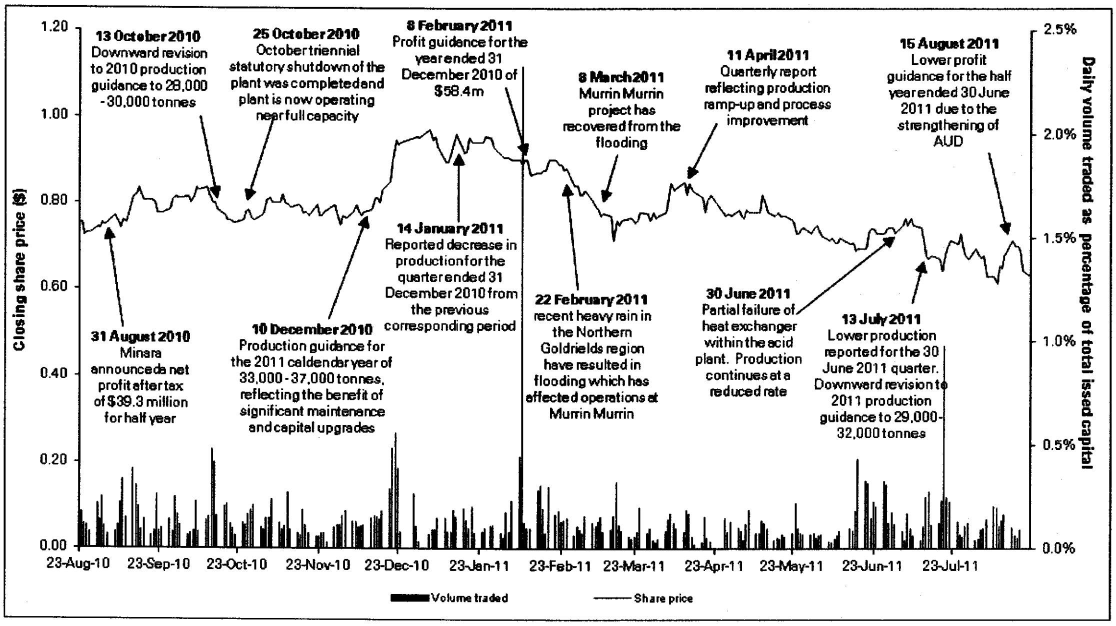
	Vesting date	Number of rights issued 000s
2009 Long term incentive plan participants	1 January 2012	2,142.6
2010 Long term incentive plan participants	1 January 2013	6,814.9
2011 Long term incentive plan participants	1 January 2014	4,706.7

Source: Minara's management

7.12 Share price and volume trading history

The chart below depicts Minara's daily closing share price on ASX in the 12-month period to 23 August 2011, being the last trading day prior to the date the Offer was announced, along with the daily volume of shares traded on ASX as a percentage of total issued capital over that period.

Figure 1: Minara daily closing price and volume of shares traded on ASX



Source: Capital IQ, KPMG's analysis and ASX announcements

As illustrated in the chart above, Minara's closing share price has generally trended down over the period with uplifts following the December 2010 improved production guidance and falls following production downgrades in January 2011 and June/July 2011.

Announcements by Minara in the six months to 23 August 2011 that may have had an impact on its recent share price include:

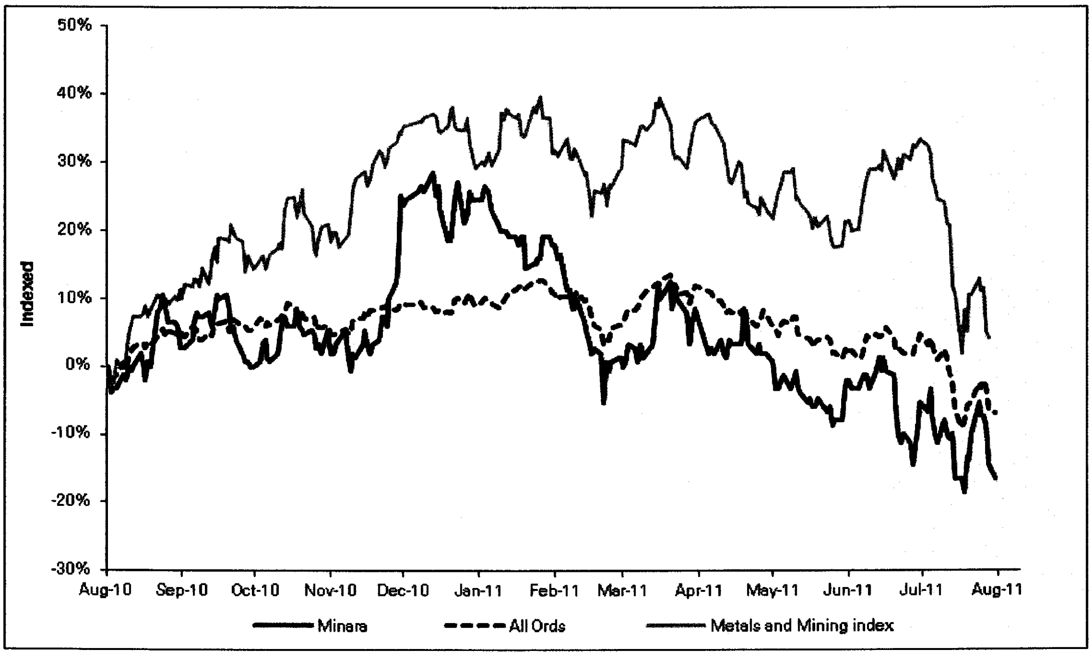
- 15 August 2011 – profit guidance for the six months ended 30 June 2011 released, reflecting lower profit compared to the corresponding previous period
- 13 July 2011 – 2011 production guidance adjusted downward to 29,000 – 32,000 tonnes of nickel packaged for Murrin Murrin (100% basis)
- 30 June 2011 – Minara advised that the acid plant at Murrin Murrin was offline due to failed heat exchanger unit
- 11 April 2011 – increased production at Murrin Murrin attributed to successful ramp-up of the mine to full production levels following the triennial shut down of the plant in late 2010

- 8 March 2011 – Minara advised that Murrin Murrin had recovered from the flood in February
- 22 February 2011 – Minara advised that recent heavy rains in the Northern Goldfields resulted in flooding which has affected operations at Murrin Murrin
- 8 February 2011 – Minara announced a profit guidance for the year ended 31 December 2010 representing a 20.4% increase over 2009
- 14 January 2011 – lower nickel production reported for the December 2010 quarter due to the three-week planned triennial statutory shutdown.

Further details in relation to all announcements made by Minara to ASX can be obtained from either Minara's website or ASX's website www.asx.com.au.

As illustrated in the figure below, Minara's share price underperformed against both the Metals and Mining index and to a lesser extent the All Ordinaries Index over the one year period to 23 August 2011.

Figure 2: Minara's relative performance to the All Ordinaries



Source: Capital IQ

Trading liquidity on ASX

An analysis of the volume of trading in Minara's shares on ASX in the 12 month period to the last trading day prior to the announcement of the Offer on 24 August 2011 is set out below.

Table 13: Trading liquidity in Minara's shares on ASX pre-announcement

Period up to and including 23 August 2011	Share price (low) $	Share price (high) $	VWAP $	Cumulative volume (m)	As a % of total issued capital
1 day	0.63	0.66	0.65	1.3	0.1
1 week	0.63	0.72	0.66	6.3	0.5
1 month	0.57	0.73	0.66	28.7	2.5
3 months	0.57	0.78	0.70	113.8	9.7
6 months	0.57	0.89	0.74	185.8	15.9
12 months	0.57	0.98	0.80	445.4	38.2

Source: Capital IQ and KPMG analysis

Minara's shares on ASX have, prima facie, exhibited low liquidity in recent times, with approximately 38.2% of total shares on issue traded on ASX over the 12 months prior to the announcement of the Offer, at an average daily traded volume of approximately 1.8 million shares. Minara's shares were traded on 124 days out of 125 trading days over the six month period prior to the announcement of the Offer.

However, we note that Glencore currently has a relevant interest in approximately 73.5% of Minara's current issued capital, which can be considered a strategic investment and not available for trade. If these shares are excluded, Minara's liquidity of its free-float over the past 12 months increases to approximately 131%.

An analysis of the volume of trading in Minara's shares on ASX in the period from 24 August 2011 to 13 September 2011 (inclusive) is set out below. We note Minara has largely traded above the Offer price since announcement.

Table 14: Trading liquidity in Minara's shares on ASX post-announcement

Period from 24 August 2011 to 13 September 2011	Share price (low) $	Share price (high) $	VWAP $	Cumulative volume 000s	As a % of total issued capital
15 days	0.87	0.89	0.88	125.6	10.7

Source: Capital IQ and KPMG analysis

8 Profile of Glencore

8.1 Company overview

Glencore is a United Kingdom and Hong Kong listed company. Glencore became a public company in May 2011 with a primary listing on the LSE and secondary listing on the HKEx. As at 13 September 2011, Glencore had a market capitalisation of approximately $43.6 billion. Glencore's Initial Public Offering was the largest ever on the premium listing segment of the LSE.

Glencore, headquartered in Baar, Switzerland, is a leading integrated producer and marketer of commodities, with worldwide activities in the marketing of metals and minerals, energy products, and agricultural products and the production, refinement, processing, storage and transport of these products.

Glencore employs over 2,700 people in its global marketing operations in some 50 offices in over 40 countries. In its industrial operations, Glencore employs over 54,800 people at 15 plants in 13 countries.

Glencore was initially focused on its physical marketing of ferrous and non-ferrous metals, energy products and agricultural products.

Commencing in 1987, Glencore began a programme transitioning from solely the marketing of commodities to also holding direct investments in mining, smelting, refining and processing assets. Today, Glencore has interests in various publicly listed companies including 34.4% in Xstrata plc, 44% economic (39% voting) in Century Aluminum Company, 73.5% in Minara, 74.8% in Katanga Mining Limited, 8.8% in United Company Rusal Limited, 51.5% in Chemoil Energy Limited and 32.2% in Recylex S.A.

On a consolidated basis, Glencore's turnover for the year ended 31 December 2010 was US$145 billion and total assets were US$79.8 billion, with net assets totalling approximately US$22.5 billion.

Glencore acquired its original interest in Murrin Murrin in 1996 through the acquisition of a 40% direct interest for approximately US$240 million, the funds from which were used to assist in the development of the Murrin Murrin project.

Glencore also acquired its initial interest in Minara in 1996 and since that time has participated in various share placements/rights issues by the Company, as well as acquiring shares on market. Today, Glencore has a relevant interest in approximately 73.5% of Minara's issued capital.

On 13 May 2011, Minara shareholders approved the amendment of an existing offtake agreement with Glencore, commencing 1 December 2011, which provides inter alia:

- Glencore to purchase Minara's 60% proportional entitlement of the first 40,000 tonnes of nickel and off – specification nickel produced by Murrin Murrin and all of the cobalt produced by Murrin Murrin.

  Given the current production profile of Murrin Murrin, this effectively means that Glencore is entitled to offtake 100% of Murrin Murrin production.

- For the sale of nickel (99.8% pure briquettes) Minara receives the LME daily cash settlement price in US dollars per tonne over the quotational period, which at the option of Glencore is either the calendar month of delivery or the third month of delivery, less a discount of 3.5% or a minimum discount of US$300/tonne.

- Glencore must remit 91% of the value of nickel delivered as a provisional payment within 30 days of the date of each delivery, with the payment being based on the LME cash settlement price on the day prior to delivery, with the remainder/true-up being paid within three days of the relevant quotational period.

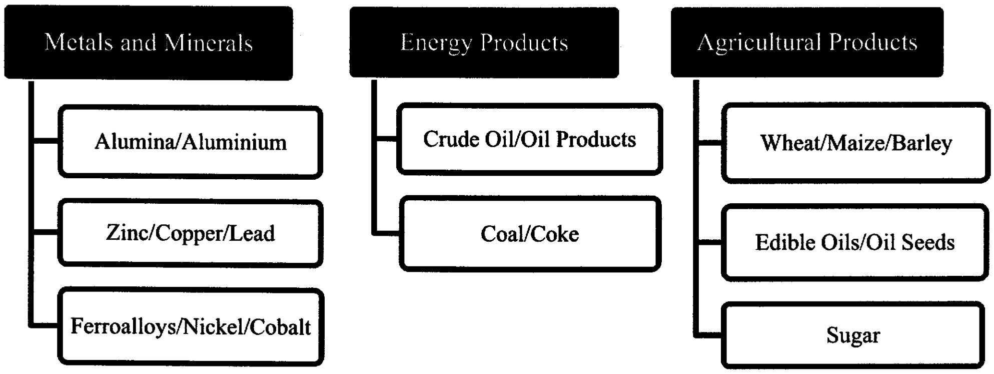
- The right of Glencore to match the price offered by a third party in relation to nickel produced in excess of 40,000 tonnes per year.

- Glencore to purchase all cobalt produced at a discounted price.

- The agreement to have an initial term to 31 December 2016, with an automatic extension to 31 December 2021, unless either party terminates the agreement by giving 12 months notice.

8.2 Corporate structure

Glencore has three business segments: Metals and Minerals, Energy Products and Agricultural Products.



9 Valuation of Minara

9.1 Valuation methodology

The principal asset of Minara comprises its 60% interest in Murrin Murrin in Western Australia. Such assets have limited lives and future profitability and asset life depend upon factors that are inherently unpredictable.

In our experience, the most appropriate method for determining the value of companies similar to Minara is on the basis of the fair value of the underlying net assets, with the principal operating assets being valued using the Discounted Cash Flow (DCF) approach.

The DCF methodology has a strong theoretical basis, valuing a business on the net present value (NPV) of its future cash flows. It requires an analysis of future cash flows, the capital structure and costs of capital. This technique is particularly appropriate for start up companies and companies with a limited asset life, which is often the case with companies dependent upon depleting mineral resources. Application of this technique generally requires a 5-year minimum period of analysis. In addition, a sensitivity analysis for variations in key assumptions adopted needs to be performed.

We have used the reviewed net assets of the Company as at 30 June 2011 as set out in section 7 of this report as the basis for our valuation.

ASIC Regulatory Guides envisage the use by an independent expert of specialists when valuing specific assets. To assist KPMG in the valuation of Minara's assets, SRK was engaged to prepare an independent technical report providing a valuation of Minara's production, development and exploration assets. A copy of SRK's report is attached to this report as Appendix 8.

In respect of Murrin Murrin, we have considered the commercial, operational and financial assumptions used in SRK's cash flow model. KPMG was responsible for the determination of certain macroeconomic and other assumptions applied by SRK such as nickel and cobalt price forecasts, exchange rates, discount rates, inflation and taxation assumptions.

Due to the various uncertainties inherent in the valuation process, SRK has determined a range of values within which it considers the value of each of the mineral assets of Minara to lie. The valuations ascribed by SRK to the mineral assets of SRK have been adopted in our report.

Other assets and liabilities of Minara have been incorporated in our valuation at assessed values or book values as discussed later in this section.

9.2 Valuation summary

We have assessed the fair value of the equity in Minara, inclusive of a full premium for control, to lie in the range of $813.5 million to $1,133.3 million. This equates to an implied fair value per Minara share, inclusive of a full premium for control, of between approximately $0.70 and $0.97.

We have assessed the fair value of Minara by aggregating the estimated market value of Minara's interests in mineral assets, adding the assessed value of other assets and, if appropriate, deducting any external borrowings and non-trading liabilities. The value of Minara has been assessed on the basis of fair market value, that is, the value that would be negotiated between a knowledgeable and willing, but not anxious buyer, and a knowledgeable and willing, but not anxious seller, acting in an arm's length transaction, where both buyer and seller are fully informed.

In forming our view as to value, we have relied upon the valuation of Minara's mineral asset portfolio prepared by SRK. In arriving at its range of assessed values for Minara's mineral assets, SRK considered various operating scenarios for Murrin Murrin. An overview of SRK's valuation results, adopted methodologies and assumptions in respect of Minara's mineral assets, in terms of assessed values, is set out below and discussed further in SRK's report.

Our final range of values reflects that SRK has identified:

- that the value of Murrin Murrin is particularly sensitive to movements in foreign exchanges rates and international metal prices, each of which has exhibited significant volatility in recent times.
- that in the event Minara management is able to address various operational matters previously identified by Minara and also by SRK during the course of it work, there is a possible positive skewing of the potential range of outcomes around its base case valuation.

Our range of assessed fair values for a Minara share includes our estimate of direct synergies that would be available to a pool of purchasers but does not include any allowance for any potential strategic or operational benefits unique to Glencore resulting from a 100% ownership of Minara.

Set out below is a summary of the range of fair market values at which Minara's shares have been assessed.

Table 15: Summary of assessed fair market value of Minara inclusive of a full premium for control

	Assessed values	
	Low $ M	High $ M
60% interest in Murrin Murrin	543.2	800.2
Other mineral assets	111.4	167.1
Total mineral assets	**654.6**	**967.3**
Add: Cash and cash equivalents	202.8	202.8
Inventory – finished goods	5.8	5.8
Other net assets	19.8	26.9
Less: Future corporate overheads	(69.5)	(69.5)
Total equity value	**813.5**	**1,133.3**
Number of ordinary shares (millions)	1,169.4	1,169.4
Value per share, inclusive of a full premium for control	**0.70**	**0.97**
Note: Figures may not add exactly due to rounding		

Source: KPMG analysis and SRK report

Our range of assessed fair values for a Minara share, inclusive of a full premium for control, of between $0.70 and $0.97 compares to a closing price for a Minara share on its last trading day prior to the announcement of the Offer of $0.64, the closing price for a Minara share on 13 September 2011 of $0.88 and the independently reviewed net asset backing per share as at 30 June 2011 of $0.67.

Valuation of Murrin Murrin

SRK has valued Minara's 60% interest in the reserves and resources forming part of Murrin Murrin, on the basis of DCF analysis, as lying in the range of $543.2 million to $800.2 million.

Key operational assumptions

The principal operational assumptions adopted in SRK's valuation of Murrin Murrin's operations are summarised below.

Table 16: Key operating assumptions

Factors	Unit	Assumptions
Mine Life	Years	40
Total ore feed to mill	Mt	139
Average milled ore grade	%	1.0
Average nickel recovery	%	82.6
Total tonnes of nickel recovered	000s t	1,180
Average nickel production (packed per year)	000s t	29.9
Total capital cost over life of mine (in 2011 dollars)	$ M	1,268
Average operating cost (in 2011 dollars)	$/t	18,090

Source: SRK

We have considered SRK's assumptions and discussed them in detail with SRK in the context of Murrin Murrin's current operating capacity and Minara's own forecast results. Based on our discussions, we consider the assumptions adopted by SRK to be reasonable.

Further discussion regarding the assumptions adopted by SRK in assessing the operational value of Murrin Murrin is contained in SRK's report.

Economic and financial assumptions

Exchange rates

The exchange rate assumptions adopted by SRK as advised by KPMG are summarised in the table below.

Table 17: Summary of exchange rate assumptions

	2011	2012	2013	2014	2015	LT
AUD:USD	1.02	0.99	0.95	0.92	0.89	0.85

Source: CapitalIQ, brokers' notes, various economic commentaries and KPMG analysis

The AUD:USD exchange rate is assumed to remain constant at 0.85 post 2015 having regard to our projected long-term inflation rates in Australia and the United States such that purchasing power parity is maintained. Forecast exchange rates have been assessed by us having regard to the prevailing spot exchange price (in the order of AUD:USD 1.03), the prevailing forward exchange curve and also forecasts published by various broking houses and economic commentators.

Key commodity prices

Selection of appropriate pricing assumptions to include in the forecast cash flows of any asset or business operation is fundamentally a matter of judgement. However, these prices should attempt to reflect those assumptions that purchasers would use in assessing the value of any target company's operations.

Key commodity pricing assumptions utilised by SRK over the period to 2015, as advised to SRK by KPMG, are summarised in the table below.

Table 18: Summary of key commodity price assumptions

	2011	2012	2013	2014	2015
Nickel price – US$/lb	10.0	10.0	10.0	9.8	9.5
Cobalt price – US$/lb	16.5	16.1	15.8	15.5	15.2

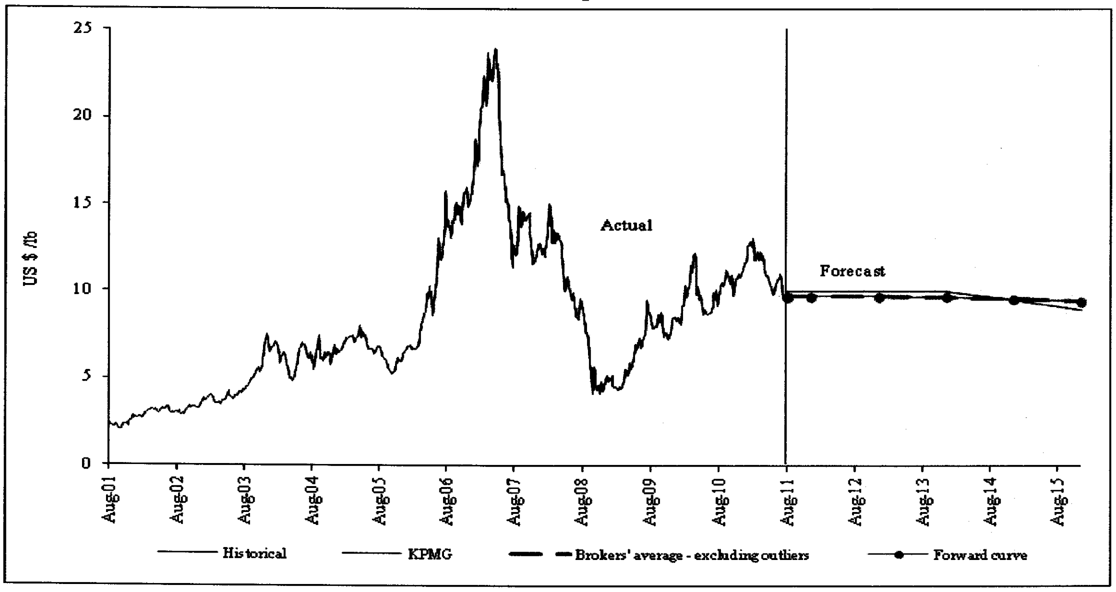
Source: CapitalIQ, brokers' notes, various economic commentaries and KPMG analysis

Subsequent to 2015, we have assumed that each of the above commodity prices increase by the long term inflation rate for the Unites States. In effect, the commodity prices are assumed to remain constant in real US dollar term post 2015.

Set out in the charts below are the daily historical spot prices for nickel and cobalt over the 10 years to 26 August 2011, the relevant forward curve for nickel at that date, the average spot forecasts of a number of brokers / economic forecasts published at or around the date of the announcement of the Offer and our adopted commodity prices.

Nickel

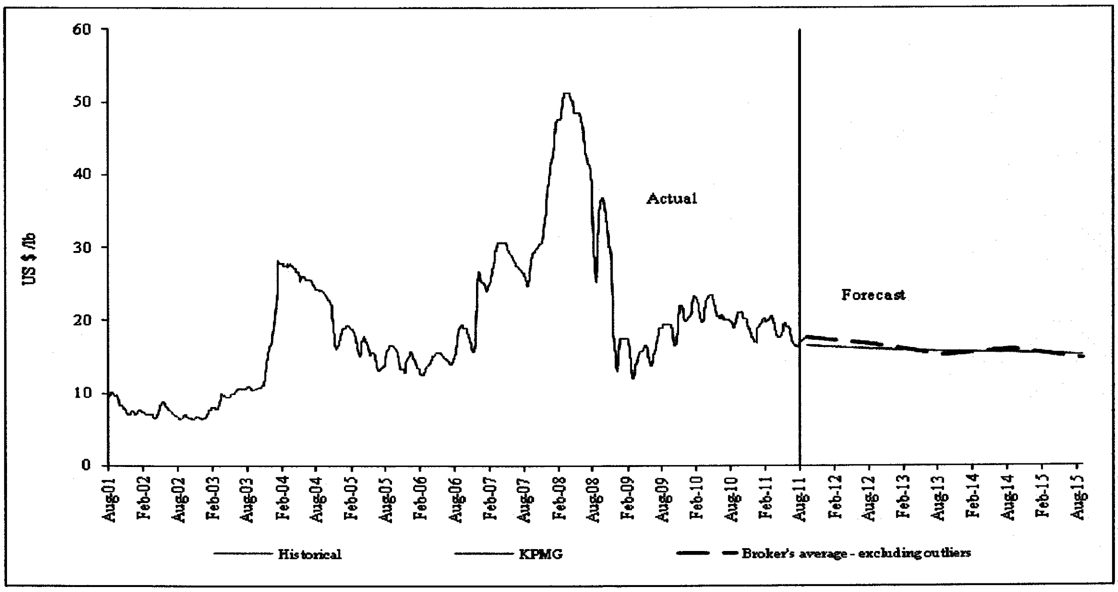
Figure 3: Historical LME and KPMG forecast nickel prices in US$/lb



Source: LME, brokers' notes, various economic commentaries and KPMG analysis

Cobalt

Figure 4: Historical LME and KPMG forecast cobalt prices in US$/lb



Source: LME, brokers' notes, various economic commentaries and KPMG analysis

As can be seen each of the commodities has exhibited significant volatility in recent years, and although trading off historical highs, are arguably generally trading at or around long term trends. There is currently significant uncertainty as to the future direction of commodity prices due to general global economic conditions and in relation to nickel, the impact of additional supply expected to come to market in the medium term.

Accordingly, we believe any purchaser of Murrin Murrin would have regard to a wide range of indicators in determining appropriate commodity prices to adopt in cash flow forecasts. In this context, in selecting appropriate projected key commodity prices we have considered both the price of nickel forwards and the expectations of market commentators and broking houses in determining an appropriate nickel and cobalt benchmark for our pricing assumptions. In general, our price forecasts reflect a softening in the recent commodity prices over the medium term. Further details in relation to forward curves and brokers' forecasts are set out in Appendix 3.

Inflation

Inflation rate assumptions adopted by SRK as advised by KPMG are set out in the table below.

Table 19: Summary of inflation assumptions

	2012	2013	2014	2015	LT
Australia	3.0%	3.0%	2.5%	2.5%	2.5%
United States	2.0%	2.1%	2.3%	2.3%	2.5%

Source: CapitalIQ, brokers' notes, various economic commentaries and KPMG analysis

Australian and United States inflation was determined having regard to the forecasts of a range of brokers and economic commentators. Subsequent to 2015, the rate has been assumed to remain constant at 2.5% per annum for both Australia and the United States.

Other assumptions

Other key financial and economic assumptions adopted by us in assessing the value of Murrin Murrin include:

- an Australian corporate tax rate at an average of 30% over the life of the mine
- no carbon tax regime
- an ungeared, post tax nominal discount rate in the range of 11.5% per annum. The basis for our calculation of discount rates is discussed at Appendix 4 to this report.

Sensitivity analysis

SRK has undertaken a sensitivity analysis around its base case valuation for Murrin Murrin based on a range of operational, commercial, financial and other key assumptions. This analysis is contained in section 8.1.3 of SRK's report.

The sensitivity analysis indicates that the NPV of Murrin Murrin is particularly sensitive to movements in the nickel price, exchange rate as well as nickel production assumptions including, in particular, nickel recovery and autoclave feed tonnes.

Valuation of other mineral assets

SRK has valued Minara's other mineral assets not factored into the above project cash flows in the range of $111.4 million to $167.1 million, as summarised in the table below.

Table 20: Valuation of other mineral assets

Minara asset	Owned	Low $M	High $M
Marshall Pool	60%	99.74	152.53
Secondary feed stockpile	60%	8.36	8.36
Mount Lucky	60%	1.55	3.20
Pelican	60%	0.03	0.08
Irwin – Coglia Well	36%	0.07	0.21
Yerilla	60%	0.18	0.38
Bounty Ni Royalty	60%	0.90	0.90
Bardoc Ni Rights JV	100%	0.24	0.72
Depot Springs	50%	0.34	0.71
Total		**111.41**	**167.09**

Source: SRK report

In assessing these values, SRK has considered accepted methods for valuing mineral assets including a market-based approach to compare resources or defined targets to other assets on which transactions have been completed as well as exploration transaction comparisons for exploration assets which do not have identified mineralisation to a level where a target tonnage and grade can be applied. Further details in relation to each of these assets and the valuation methodology adopted are set out in SRK's report.

Other assets

Net assets not valued as part of Minara's mineral assets comprise cash and sundry other assets and liabilities. Except as specifically noted below, having regard to their nature and quantum, these assets and liabilities have been incorporated in our valuation at net book values as at 30 June 2011.

Cash

We have adopted the book value of cash for Minara at 30 June 2011 of $202.8 million.

Inventory

Inventory relating to raw materials, ore stocks and work in progress has been incorporated in SRK's cash flow model. We have adopted estimated net realisable value of inventory relating to finished goods for Minara as at 30 June 2011 of $5.8 million.

Working Capital

Trade receivables and trade payables have not been included in SRK's cash flow model. These items have been assumed to be realised and incurred on an ongoing basis over the life of Minara's operational assets. In determining an appropriate level of net working capital likely to be required to be maintained having regard to the level of annual operating revenues projected by SRK, we considered the historical ratios of Minara over the last five years.

On this basis we assessed the NPV of the movement in net working capital items over the assumed life of Murrin Murrin to be in the order of $14.4 million to $15.6 million.

Provision for rehabilitation expenses

Rehabilitation cash outflows related to Murrin Murrin has been incorporated in SRK's cash flow model. However, we have estimated the post-tax NPV of future finance charges in relation to rehabilitation performance bonds provided by financiers in support of Minara's future obligations to be in the order of $2.5 million, having had regard to Minara's current facility term and estimated future rehabilitation provisions.

Future corporate overheads

Minara incurs corporate overheads in relation to managing its business and maintaining its operating assets. These costs have not been incorporated into the valuation of Minara's mineral assets set out above, and therefore it is necessary to deduct the present value of anticipated future management and administrative costs in relation to Minara's operating assets from the value of the Company. Minara estimates that its corporate costs in the absence of the Offer are likely to be in the order of $6.7 million per annum (in 2011 post-tax dollars).

We have been provided with a schedule prepared by Minara that sets out the Company's assessment of the direct synergies and cost savings likely to be available to a pool of purchasers in acquiring a 100% interest in Minara. These synergy benefits and cost savings total approximately $2.7 million per annum (in 2011 post-tax dollars) over the life of Murrin Murrin, with once-off associated costs in realising these benefits incurred in the first year expected to be $8.9 million (in 2011 post-tax dollars). These synergies are expected to be realised as a result of economies of scale, elimination of duplication in running Minara as a separate public company and general finance and support costs.

We have discussed with Minara's management the basis of its assessment as to the level of synergies and cost savings that may be realised by a pool of purchasers. Whilst there is both downside risk and potential upside in relation to the final quantum and nature of the synergies that may ultimately be realised, we believe, based on information available as at the date of this report, that the numbers estimated by Minara are reasonable for the purpose of our evaluation.

The NPV of these adjusted corporate costs, having regard to the nature of the Company's portfolio of operating assets, the expected 40 year mine life of Murrin Murrin and estimated one-off costs in realising these cost savings, has been estimated to be in order of $69.5 million on a post-tax basis.

Tax losses

We have adopted nil value for Minara's accumulated tax losses reflecting:

- Minara and its wholly owned subsidiaries have not entered into a tax consolidated group at the date of this report.

- Minara's management have commenced paying income tax during 2011 in relation to Murrin Murrin as the Company does not consider its accumulated losses to be immediately available to apply against Murrin Murrin income.
- Our review of these tax losses indicate there is significant uncertainty whether a third party would be able to access these losses following acquisition of Minara

Insurance claim

As at 30 June 2011, Murrin Murrin had approximately $15.4 million outstanding in relation to the balance of the Company's feed pipe failure insurance claim. Minara's management has advised that there is some doubt as to the ability to successfully recover between $5.0 million to $10.0 million of this amount.

Minara's management has also advised of a potential insurance claim in relation to the recent failure of the HX-01 heat exchanger, which has yet to be quantified and assessed, but is estimated to be in the order of $10.0 million to $15.0 million. Minara's management has advised that this potential claim is still subject to the completion of specific legal review.

We have adopted a value range for current insurance claims in the order of $9.2 million and $15.2 million, being Minara's 60% share, which compares to the total of the actual and potential claims of $25.4 million to $30.4 million (Minara's 60% interest $15.2 million to $18.2 million)

9.3 Other valuation parameters

Implied value per tonne of contained nickel equivalent reserves

KPMG's valuation of Minara's equity, inclusive of a full premium for control, lies between $813.5 million to $1,133.3 million and its estimated current net cash position implies an enterprise value for Minara in the order of $610.8 million to $930.7 million. Based on the Company's quoted reserves, the implied enterprise value to reserve tonne of contained nickel equivalent multiples are as set out in the table below.

Table 21: Implied Minara valuation multiples per reserve tonne of contained nickel equivalent

Parameter	Low $/t	High $/t
Reserves[1]	542.7	826.8

Note 1: Implied reserve multiples are calculated using Minara's most recent stated reserve, excluding scats and stockpiles of 94.8 million tonnes. Contained nickel equivalent reserve of 1.0 million tonnes includes the value of cobalt reserves based on a spot commodity price of US$16.3/lb

Source: KPMG analysis

Set out in Appendix 5 is an analysis of the value per reserve tonne of contained nickel equivalent for various companies selected for comparison implied by the market capitalisation and most recent net debt/(cash) positions of those companies as summarised in the table below. Notwithstanding this analysis indicates a wide range of outcomes, we note that the range of Minara's implied reserves values above lie below this range.

Table 22: Implied Comparable Company valuation multiples per reserve tonne of contained nickel equivalent

Parameter	Low $/t	High $/t	Average $/t	Median $/t
Reserves[1]	1,184.5	7,108.3	2,949.8	2,667.3
Note 1 : The implied contained nickel equivalent reserve multiple of selected comparable companies excluding outliers				

Source: KPMG analysis

In considering this outcome we note that:

- operators of nickel sulphide operations tend to trade on higher implied multiples than laterite nickel operations, which may reflect that the refining process associated with laterite ores is relatively more complex
- a number of the comparable companies also hold significant reserves of other metals, including, amongst others, gold, copper and platinum which have impacted the implied multiples of these companies.

The implied value per reserve tonne of nickel equivalent as a measure should also be viewed with some caution as it does not capture such things as:

- the extent to which reserves have been developed, their quality, location or proximity to infrastructure
- the quantum or timing of future operating and capital costs required to realise the underlying reserves
- potential timing differences companies in reporting updated reserves and resources figures
- a number of the comparable companies (including two out of the three laterite nickel producers) have not reported reserves

Implied value per tonne of contained nickel equivalent resources

KPMG 's implied enterprise value for Minara of $610.8 million to $930.7 million implies contained nickel equivalent resource multiples are as set out in the table below.

Table 23: Implied Minara valuation multiples per resource tonne of contained nickel equivalent

Parameter	Low $/t	High $/t
Resources[1]	411.0	626.2
Note 1: Implied resource of contained nickel equivalent multiples are calculated using Minara's most recent stated resources, excluding scats and stockpiles, of 138.0 million tonnes. Contained nickel equivalent resources of 1.5 million tonnes includes the value of cobalt resources based on a commodity price of US$16.3/lb cobalt.		

Source: KPMG analysis

Similar to reserves, we have conducted an analysis of the value per resource tonne for selected comparable companies implied by the market capitalisation and most recent net debt/(cash) positions of those companies. The details of these implied trading resource multiples are set out in Appendix 5. Notwithstanding that this analysis indicates a wide range of outcomes, we note that the range of Minara's implied resource values above lie within this range.

Table 24: Implied Comparable Company valuation multiples per resource tonne

Parameter	Low $/t	High $/t	Average $/t	Median $/t
Resources[1]	39.5	1388.4	669.2	558.6
Note 1 : The implied contained nickel equivalent resource multiple using the comparable companies excluding outliers				

Source: KPMG analysis

We again note that implied value per resource tonne as a measure should be viewed with some caution for the reasons set out above and that, in particular, the market capitalisation of the comparable companies considered may not include a premium for control.

Comparable company trading multiples

Based on KPMG's implied enterprise value for Minara of $610.8 million to $930.7 million and the Company's historical EBITDA for the 12 months to 30 June 2011 of $116.2 million, the implied historical 2011 EBITDA multiples are as set out in the table below.

Table 25: Implied Minara valuation 2011 EBITDA multiples

Parameter	Low (times)	High (times)
2011 EBITDA multiple	5.3	8.0

Source: KPMG analysis

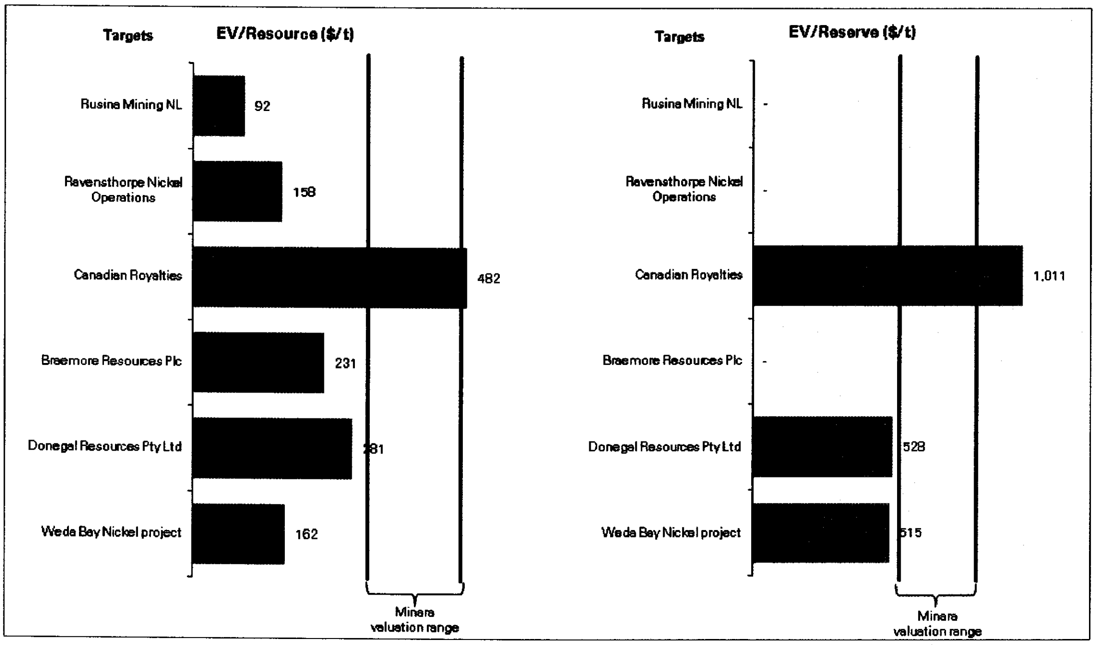
This compares to the range of headline historical EBITDA multiples of the companies selected for comparison purposes of between 2.6 times and 83.1 times, with an average of 7.6 times (excluding outliers and companies with negative EBITDA). Minara's EBITDA multiples lie within the range of multiples of selected comparable companies and at or around the adjusted mean.

We note however that implied EBITDA multiples as a measure of value in the nickel industry should be viewed with some caution, as the application of current accounting standards in relation to the treatment of hedge and other derivative contracts can result in significant earnings adjustments.

Transaction reserve and resource multiples

KPMG has reviewed data on a range of recent acquisition transactions for nickel production and exploration companies. The results of this analysis are set out at Appendix 6 to this report and indicate a wide range of valuation metrics. However, as shown below the range of values per reserve and resource tonne of contained nickel equivalent implied by our valuation range attributable to Minara lie toward the top end of the observed range in recent takeovers which are shown in chronological order with the most recent at the top.

Figure 5: Comparison of implied transaction multiples per reserve and resource tonne of contained nickel



Source: KPMG analysis

Appendix 1 – KPMG Disclosures

Qualifications

The individuals responsible for preparing this report on behalf of KPMG are Jason Hughes, Duncan Calder and Ben Della-Bosca. Each has a significant number of years experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of expert reports.

Jason Hughes is a Partner in the KPMG Partnership and an Authorised Representative of KPMG. Jason is a Fellow of the Institute of Chartered Accountants in Australia, a Fellow of the Financial Services Institute of Australasia and holds a Bachelor of Commerce from the University of Western Australia. Jason has extensive experience in the preparation of independent expert reports and corporate valuations.

Duncan Calder is a Partner in the KPMG Partnership, an Authorised Representative in KPMG and past Chairman of the Energy and Natural Resources Group of the KPMG Partnership's Perth practice for over a decade. Duncan is a Fellow of the Institute of Chartered Accountants in Australia and an Associate of the Institute of Chartered Accountants in England and Wales as well as an Associate of the Financial Services Institute of Australasia. Duncan is the President of the Australia China Business Council W.A. and has been a member of the Infrastructure and Economics Committee of the Chamber of Minerals and Energy W.A. for the past decade. Duncan has over 20 years experience in the preparation of independent expert reports.

Ben Della-Bosca is a representative of KPMG. Ben is an Associate of the Institute of Chartered Accountants in Australia, a Fellow of the Financial Services Institute of Australasia, holds a Masters of Applied Finance from Kaplan Professional, holds a Graduate Diploma in Chartered Accounting from the Institute of Chartered Accountants in Australia and holds a Bachelor of Commerce from the University of Western Australia. Ben has over ten years experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of expert reports.

Disclaimers

This report should not be used or relied upon for any purpose other than KPMG 's opinion as to whether the Offer is fair and reasonable to the non-associated shareholders of Minara. KPMG expressly disclaims any liability to any Minara shareholder who relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose whatsoever.

Other than this report, neither KPMG nor the KPMG Partnership has been involved in the preparation of the Target's Statement or any other document prepared in respect of the Offer. Accordingly, we take no responsibility for the content of the Target's Statement as a whole or other documents prepared in respect of the Offer.

It is not the role of the Independent Expert to undertake the commercial and legal due diligence that a company and its advisers may undertake. KPMG provides no warranty as the adequacy, effectiveness or completeness of the due diligence process, which is outside our control and beyond the scope of this report. We have assumed that the due diligence process was conducted in an adequate and appropriate manner.

Our report makes reference to 'KPMG analysis'. This indicates only that we have (where specified) undertaken certain analytical activities on the underlying data to arrive at the information presented.

Independence

In addition to the disclosures in our Financial Services Guide, it is relevant to a consideration of our independence that, during the course of this engagement, KPMG provided draft copies of this report to management of Minara for comment as to factual accuracy, as opposed to opinions which are the responsibility of KPMG alone. Changes made to this report as a result of those reviews have not altered the opinion of KPMG as stated in this report.

KPMG is entitled to receive a fee in the order of $180,000 in aggregate, excluding GST, for the preparation of this report. Except for these fees, KPMG has not received and will not receive any pecuniary or other benefit whether direct or indirect for or in connection with the preparation of this report.

Employees of KPMG, the KPMG Partnership and its affiliated entities may hold securities in Minara and/or Glencore. However, no individual involved in the preparation of this report holds a direct interest in the securities of Minara and/or Glencore.

Consent

KPMG consents to the inclusion of this report in the form and context in which it is included with the Target's Statement to be issued to the non-associated shareholders of Minara. Neither the whole nor the any part of this report nor any reference thereto may be included in any other document without the prior written consent of KPMG as to the form and context in which it appears.

Indemnity

Minara has agreed to indemnify and hold harmless KPMG, the KPMG Partnership and/or KPMG entities related to the KPMG Partnership against any and all losses, claims, costs, expenses, actions, demands, damages, liabilities or any other proceedings, whatsoever incurred by KPMG, the KPMG Partnership and/or KPMG entities related to the KPMG Partnership in respect of any claim by a third party arising from or connected to any breach by Minara of its obligations.

Minara has also agreed that KPMG, the KPMG Partnership and/or KPMG entities related to the KPMG Partnership shall not be liable for any losses, claims, expenses, actions, demands, damages, liabilities or any other proceedings arising out of reliance on any information provided by Minara or any of its representatives, which is false, misleading or incomplete. Minara has agreed to indemnify and hold harmless KPMG, the KPMG Partnership and/or KPMG entities related to the KPMG Partnership from any such liabilities we may have to Minara or any third party as a result of reliance by KPMG Corporate

Finance, the KPMG Partnership and/or KPMG entities related to the KPMG Partnership on any information provided by Minara or any of its representatives, which is false, misleading or incomplete.

Professional standards

Our report has been prepared in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board (APESB). KPMG and the individuals responsible for preparing this report have acted independently. KPMG was remunerated via a time based fee, with no part of the fee contingent on the conclusions reached, or the content or future use of this report. Except for these fees, KPMG has not received and will not receive any pecuniary or other benefit whether direct or indirect for or in connection with the preparation of this report.

Appendix 2 – Sources of information

In preparing this report we have been provided with and considered the following sources of information:

Publicly available information:

- the Bidder's Statement dated 24 August 2011
- various ASX company announcements including inter alia, annual and half year financial statements and quarterly activity reports
- various broker and analyst reports
- various press and media articles
- various reports published by IBISWorld Pty Ltd, the Economist Intelligence Unit Limited and the Australian Bureau of Agricultural and Resource Economics and Sciences
- financial information from Capital IQ, the London Metal Exchange (LME) (we note that Capital IQ and LME have not provided consent to the use of references in this report), Thompson Financial Securities, Thomson Reuters (Professional) Australia Limited, MergerMarket and Connect 4
- company websites

Non-public information

- the draft Target's Statement
- corporate cost forecasts for the year ending 31 December 2011
- Minara's top 20 shareholders as at 12 September 2011
- SRK's independent technical specialist report
- Minara's financial projections

In addition, we have had discussions with Directors of Minara not associated with Glencore and various senior management of Minara.

Appendix 3 – Nickel industry

Overview

To provide a context for assessing the future prospects of Minara, we have set out below an overview of recent and expected trends in the global nickel market.

Nickel is an internationally traded commodity with prices driven by worldwide supply and demand factors. The demand for nickel comes primarily from its use in the production of stainless steel, but it is also used more generally in the manufacture of superalloys and specialist alloy steels.

Nickel can be sold as direct shipping ore to refiners, however, some companies are vertically integrated in that they refine the mined nickel ore to produce nickel metal.

The Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) expects growth in demand for nickel over the short term, supported by the manufacture of stainless steel for use in infrastructure development and consumer durables, particularly in developing economies. However, this growth in demand is expected to be outpaced by growth in world supply from Canada, Brazil and the Asia–Pacific region, while increased refined output is expected from Canada and China. This is expected to result in downward pressure on prices.

The nickel ore mining industry is segmented into two types of operations; laterite ores and sulphide ores.

Sulphide

The main nickel ore in terms of historical worldwide production is sulphide mineral pentlandite (nickel sulphide) which occurs in iron and magnesium rich igneous rocks. Sulphide ore deposits are typically at greater depths than laterite deposits and can be concentrated using a flotation physical separation technique. Sulphide ore bodies have formed the basis for the older mines and accounts for 80% of Australia's nickel output, however, laterite ore is increasingly being mined at new operations.

Laterite

Nickel bearing laterites (e.g. nickel mixed with hydrated iron oxide) are typically found on the surface, about 15 to 20 metres deep and occur where nickel sulphides have been converted to oxide ores through a weathering process. Being closer to the surface, laterites can be mined via open-cut methods, however, there is no simple separation technique for nickel laterites as rock must be completely molten or dissolved to enable nickel extraction. As a result, laterite projects require large economies of scale at higher capital cost per unit of capacity and higher production cash-costs than sulphide operations.

Demand

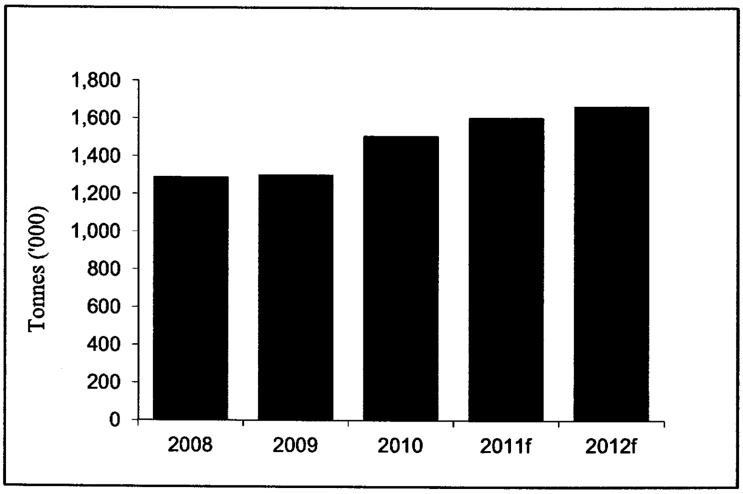
The demand for nickel is primarily driven by the demand for stainless steel. According to IBISWorld Pty Ltd (IBISWorld), about 60% of global nickel consumption is used in stainless steel manufacturing which contains about eight percent nickel metal. Stainless steel is used in numerous applications, including oil pipelines, biomedical equipment, and a range of consumer products. The demand for stainless steel and stainless steel products is closely linked to general economic growth.

World stainless steel consumption is forecast to increase in 2011, driven by a combination of recovering private consumption and consumption stemming from the construction of infrastructure projects in many developing economies. Developing economies particularly China, India and Brazil, are expected to account for an increasing proportion of global stainless steel consumption over the outlook period.

China is currently the world's largest consumer of stainless steel with strong growth in 2009 and 2010 supported by significant government investment to improve infrastructure such as highways and rail networks, particularly in less-developed provinces. Demand growth in developed countries is expected to remain slow with economic growth rates consistent with long term averages.

For the full 2011 year, Economist Intelligence Unit (EIU) has forecast growth in demand of refined nickel consumption of 6.5%. EIU expects that the rate of growth in demand for nickel in China will be slower for the balance of 2011 and 2012, in line with the effects of monetary tightening and the impact on export industries of the gradual rise in the value of the Renminbi. This is expected to be offset by an increase in demand for nickel in Japan once post-tsunami rebuilding commences. However, the weaker growth in China is expected to result in total global consumption growth in 2012 at 3.8%.

Figure A3-1: Recent global historical and forecast consumption for refined nickel



Source: EIU

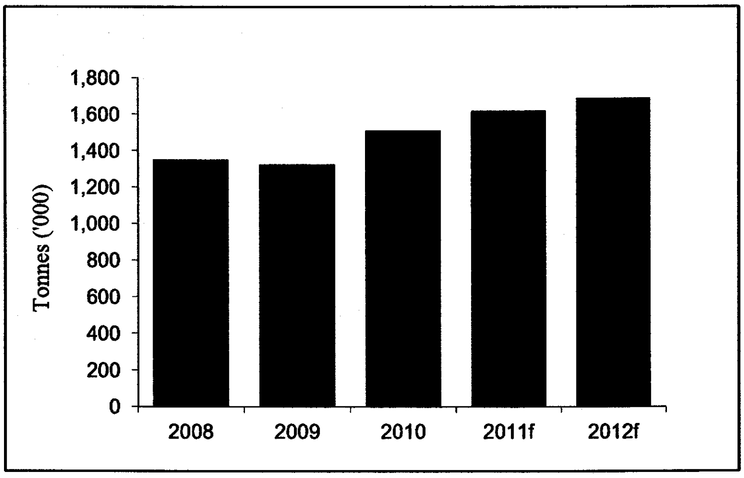
Supply

According to ABARES, global nickel ore mine production will increase by 10.0% to 1.7 million tonnes by the end of 2011 largely as a result of higher production in Canada and Brazil. World mine production is forecast to increase by a further 7.0% in 2012, driven by several large new nickel laterite projects in New Caledonia, Papua New Guinea, the Philippines and Madagascar, all scheduled for completion in

2011. The increase in mine production will support the forecast increase in refined nickel production in 2011 and 2012, supported largely by increases in Canadian and Chinese production.

EIU forecasts global refined nickel metal production will rise by 7.1% in 2011 year to reach 1.6 million tonnes and 4.2% in 2012 to 1.7 million tonnes as set out in the figure below.

Figure A3-2: Recent global historical and forecast production for refined nickel



Source: EIU

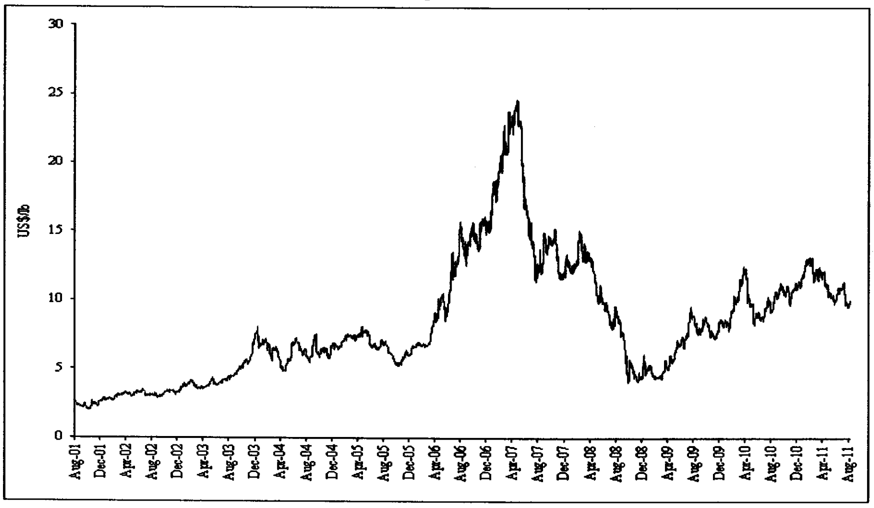
Pricing

Nickel is an internationally traded commodity and therefore its price fluctuates on a daily basis in the commodity market as determined by worldwide demand and supply factors.

With construction industries around the world in a historic boom during 2006 and 2007, nickel was highly sought after for use in steel manufacturing (IBISWorld 2011). As a result, the price of nickel jumped from under US$6.8 per pound (/lb) in 2005 to over US$24.6/lb by 16 May of 2007. However, construction slowed during 2007 and into 2008 leading to a sharp fall in nickel prices in 2008 and the start of 2009 as the world economy declined. During the second half of 2009 and 2010, demand for stainless steel returned, driven mainly by renewed growth from China and India, resulting in an increase in the price for nickel, albeit still significantly below prices recorded during 2007.

Set out below is the daily closing nickel price since August 2001.

Figure A3-3: Historical trend in nickel prices

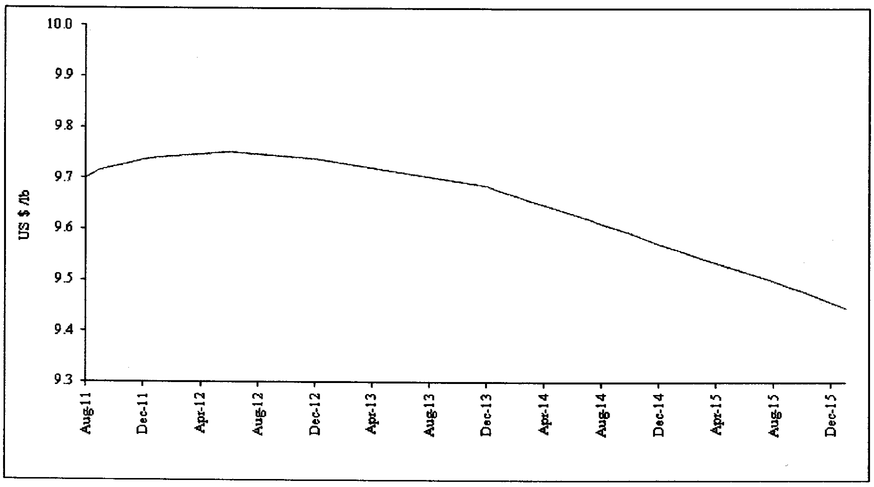


Source: Capital IQ

According to the EIU, in the first quarter of 2011, nickel price averaged US$12.2/lb, an increase of 23% from the previous quarter. The EIU expects nickel prices to fall to an average of US$10/lb in the fourth quarter of 2011 as a small supply surplus emerges.

Set out in the chart below is a summary of forward prices for nickel as at 26 August 2011.

Figure A3-4: Forward prices for nickel



Source: LME

The nickel forward market suggests that the US$ denominated nickel price will experience a period of continuing market decline to approximately US$9.5/lb by December 2015, which compares to a spot rate on 6 September 2011 of approximately US$9.8/lb. We note this short term pricing implied by the forward curve is significantly below recent published medium term expectations of most of a sample of various broking houses and economic commentators in relation to future nickel prices, published at or around the date of the announcement of the Offer as summarised below.

Table A3-1: Medium term pricing expectations of various market commentators

	Forecast year				
	2011 US$/lb	2012 US$/lb	2013 US$/lb	2014 US$/lb	2015 US$/lb
High	12.7	13.9	14.8	13.6	12.8
Low	9.1	8.2	8.0	8.0	7.7
Average forecast	11.0	10.7	10.3	10.3	9.7
Number of observations	41	40	31	17	15

Source: Various broker reports, Capital IQ and KPMG analysis

The analysis set out in Table A3-1 above indicates a wide range of views as to forecast spot nickel prices but on average the nickel price is forecast to decrease steadily to 2015. In considering these brokers' forecasts, it is important to note that the publications of commentators forecast pricing analysis tends to lag changing market conditions, particularly during the periods of high volatility, which has been the case in recent times.

Appendix 4 – Calculation of discount rate

We have assessed an appropriate nominal, post-tax, weighted average cost of capital (WACC) for Minara's interest in Murrin Murrin to be in the order of 11.5% per annum.

Selection of the appropriate rate to apply to the forecast cash flows of any asset or business operations is fundamentally a matter of judgement. Whilst there is a body of theory that may provide a framework for the derivation of an appropriate discount rate, it is important to recognise that given the level of subjectivity involved in selecting various inputs to the theoretical framework there is no absolute "correct" discount rate.

We consider the rates adopted to be reasonable discount rates that purchasers would use in the current market in assessing the individual operations of Minara and are reflective of the commercial, operational and technical risks of Minara's nickel mining assets.

Introduction to WACC concepts

The WACC of a firm is the expected cost of the various classes of its capital (i.e. its equity and debt), weighted by the proportion of each class of capital to the total capital of the firm and is represented by the following formula, which calculates an after tax nominal rate:

$$WACC = K_d \times (1-t_c) \times (D/(D+E)) + K_e \times (E/(D+E))$$

Where the key inputs are defined as follows:

K_e the after-tax cost of equity, which is the rate of return required by the providers of equity capital.

K_d the pre-tax cost of debt, which is the expected long-term future borrowing cost of the relevant project and/or business.

t_c the applicable corporate tax rate

D the market value of debt

E the market value of equity.

Given that the capital of the firm is used to finance the assets of the firm, WACC can be viewed as the cost of capital for the assets of the firm. It is an opportunity cost of capital in the sense that it reflects the returns that would have been earned in the market with the relevant capital if it was employed in the next best investment of equivalent risk profile. It represents the minimum weighted average rate of return which is required or expected by the providers of capital as compensation for bearing the risks associated with the relevant investment or business operation.

Each of the components of the WACC formula is discussed further below.

Cost of equity (Ke)

The WACC approach represents a merger of the CAPM with capital structure theory. In the WACC formula discussed earlier, the CAPM provides the means for estimating the cost of equity.

The CAPM provides a theoretical basis for determining a discount rate that reflects the risk of a particular investment or business operation. In simple terms, the CAPM states that the returns expected by an equity investor reflect the risk of the underlying equity investment. The risk can be determined by the risk-free rate of return plus a risk premium which reflects the relative risk (as measured by the "beta" factor) required to be borne by the investor. Therefore, the required rate of return for equity securities is determined as set out below:

$$Ke = R_f + \beta \times (MRP) + \alpha$$

Where the key inputs are defined as follows:

R_f risk free rate of return

β beta factor of the investment or business operation

MRP equity market risk premium

α alpha factor

A large degree of subjectivity is involved in estimating the inputs to the formula. These limitations mean that any estimate of the cost of equity must necessarily be regarded as indicative rather than as a firm and precise measure. Furthermore, because the cost of equity is a market-determined measure, changes in market conditions over time will affect its calculation

Risk free rate (R_f)

A nominal risk free rate of 4.4% per annum has been assumed based on the prevailing spot return on the ten year Australian government bond as at 31 August 2011.

Market risk premium (MRP)

The MRP represents the additional return that investors expect in return for holding risk in the form of a well-diversified portfolio of risky assets (such as a market index). The MRP is the expected risk premium (an ex-ante concept). Given that expectations are not observable, a historical risk premium is generally used as a proxy for the expected risk premium.

The risk premium required by the market is not constant and changes over time. At various stages of the market cycle investors perceive that equities are more risky than at other times and will increase their expected return.

KPMG has adopted a MRP of 6.0% per annum. This figure is within the range of generally accepted market risk premia in Australia.

Beta factor (β)

The beta factor is a measure of the risk of an investment or business operation, relative to a well-diversified portfolio of investments. In theory, the only risks that are captured by beta are those risks that cannot be eliminated by the investor through diversification. Such risks are referred to as systematic, undiversifiable or market risk. The concept of beta is central to the CAPM given that beta risk is the only risk that is priced into investor required rates of return.

The beta for equity securities can be statistically measured by regressing the returns on an equity market index against the share price returns of the relevant stock. By definition, the market portfolio has an equity beta of 1.0. A beta greater than 1.0 implies that the returns on a stock are, on average, more volatile, and hence the stock is more risky than the market, whilst a beta of less than 1.0 implies the reverse.

The beta of a stock can be presented as either an adjusted beta or as an historical beta. The historical beta is obtained from the linear regression of a stock's historical data and is based on the observed relationship between the security's return and the returns on an index. Conversely, the adjusted beta is an estimate of a security's future beta. It is initially derived from the historical beta, but modified by the assumption that a security's true beta will move towards the market average of one, over time. Generally, an adjusted beta is used because of its greater predictive features.

Betas derived from stock market observations represent equity betas, which reflect the degree of financial gearing of the company. Consequently, it is not possible to compare the equity betas of different companies without having regard to their gearing levels. In theory, a more valid analysis of betas can be obtained by "ungearing" the equity beta, by applying the following formula:

$$\beta_a \quad = \quad \beta_e / [1 + (D/E \times (1\text{-}t_c))]$$

where "D/E" is the debt and equity values of the relevant equity security and "t_c" is the corporate tax rate. The adjustment involves stripping out the impact of financial gearing from the equity beta to obtain ungeared beta (denoted by β_a).

The following table sets out closing market capitalisation as at 31 August 2011, the two year and five year historical average financial gearing and the adjusted ungeared two year weekly and five year monthly beta estimates for a selection of listed nickel production companies. The beta factors have been calculated relative to each company's home exchange index and also relative to the Morgan Stanley Capital Index – All Countries (MSCI), an international equities market index that is widely used as a proxy for the global stock market as a whole. The MSCI is often used as a benchmark in respect of assets likely to be attractive to international buyers.

Table A4 – 1: Selected companies – net financial gearing and ungeared betas

Company	MktCap $m[1]	Gearing %[2,3] 2 year	Gearing %[2,3] 5 year	Two year weekly ungeared beta Home exchange	Two year weekly ungeared beta MSCI	Five year monthly ungeared beta Home exchange	Five year monthly ungeared beta MSCI
Australia							
Minara Resources Ltd.	1,023	0%	0%	1.71	1.41	1.90	1.43
Panoramic Resources Ltd.	361	0%	0%	2.00	1.69	2.10	1.73
Mincor Resources NL	176	0%	0%	1.66	1.37	2.34	1.85
Western Areas NL	1,057	16%	11%	1.26	1.13	1.62	1.32
Independence Group NL	1,110	0%	0%	1.37	1.24	1.64	1.41
International							
Canickel Mining, Ltd.	93	2%	0%	0.57	0.66	1.10	0.87
Liberty Mines Inc.	13	62%	31%	0.55	0.55	1.57	1.10
Mirabela Nickel Ltd.	816	26%	14%	1.06	1.00	1.58	1.22
Norilsk Nickel Mining and Metallurgical Co.	41,963	4%	3%	1.01	1.02	1.04	1.48
ENK PLC	54	0%	0%	n/a[4]	n/a[4]	n/a[4]	n/a[4]
PT International Nickel Indonesia Tbk	4,014	0%	0%	1.18	1.02	1.27	1.34
Talvivaara Mining Company Plc	1,255	24%	16%	1.29	1.26	n/a[4]	n/a[4]
Belvedere Resources Ltd.	28	3%	0%	1.08	1.12	1.66	1.14
Toledo Mining Corp.	17	0%	0%	1.05	1.05	1.88	1.75
Average		**10%**	**5%**	**1.21**	**1.12**	**1.64**	**1.39**
Median		**1%**	**0%**	**1.18**	**1.12**	**1.63**	**1.38**

Notes
1 _Market capitalisation as at 31 August 2011 converted to AUD as at the same date based on prevailing spot price (where relevant)._
2 _Where a company does not have any interest bearing debt or the resultant net debt figure is negative i.e. where cash exceeds debt, the ratio of net debt to equity has been recorded as 0%._
3 _Gearing ratio calculated as Net debt / (Net debt + equity) at each annual reporting date for the five-year period prior to 31 August 2011._
4 _Insufficient observations._

Source: Capital IQ, latest available financial statements of relevant companies and KPMG analysis

In selecting an appropriate ungeared beta for Minara we have:

- considered that mining assets have varying risk profiles depending on the mining method, the nature of the ore being mined and the maturity of the asset and that there is significant variance in observed beta when measured over the different observation periods
- given greater weighting to the beta observations relative to MSCI, reflecting the international nature of nickel projects and that nickel is well traded internationally
- given greater weighting to the producers with Australian operations

- considered that international nickel producers appear generally to exhibit lower volatility
- considered that Minara's historical share price may reflect the technical issues it has experienced in the past, which management consider have now been largely addressed, and relatively low level of free float
- given greater weighting to mid-capitalisation companies.

Having regard to the above and considering the nature of Murrin Murrin, we consider that, on balance, an appropriate ungeared beta for Minara to be in the order of 1.2.

Having determined an appropriate ungeared beta, it is necessary to "regear" the beta to a specified level of financial gearing to determine the equivalent equity beta.

Debt/equity mix

The selection of an appropriate capital structure is a subjective exercise. The tax deductibility of the cost of debt means that the higher the proportion of debt, the lower the WACC for a given cost of equity. However, at significantly higher levels of debt, the marginal cost of borrowing would increase due to the greater risk which debt holders are exposed to. In addition, the cost of equity would also be likely to increase due to equity investors requiring a higher return given the higher degree of financial risk that they have to bear.

Ultimately for each company there is likely to be a level of debt/equity that represents the optimal capital structure for that company. In estimating the WACC, the debt/equity level assumption should reflect what would be the optimal or target capital structure for the relevant asset. Optimal (as opposed to actual) capital structures are not readily observable. Accordingly, any estimate of optimal capital structure is necessarily subjective. In practice, the existing capital structures of comparable businesses can be used as a guide to the likely capital structure for a firm, taking into consideration the specific financial circumstances of that firm. In drawing any conclusions from the comparable company information, it is important to note that the observed gearing levels usually represent current gearing levels, which may or may not be representative of optimal, long term gearing levels. Furthermore, the gearing level of a company at a given point in time can reflect recent new issues of debt or equity.

In selecting a gearing level for Minara, we have had regard to the gearing levels of the selection of listed nickel producers as set out in Table A4-1 and have also had regard to the fact that recent gearing levels likely reflect the impact of the global financial crisis and, in particular, general global restrictions on the availability of debt funding. Having regard to the long life nature of the Murrin Murrin operations, we consider there to be reasonable prospects for an increase in gearing levels, particularly for production companies, over the medium to long term. On balance, we consider an appropriate long term gearing level for Minara to be in the order of 25% debt and 75% equity.

On this basis the regeared beta of Minara is in the order of 1.5.

Cost of equity calculation

The following table sets out our cost of equity estimate for Murrin Murrin based on the assumptions and inputs discussed above:

Table A4 – 2: Estimated cost of equity

Input	Definition	Factor
R_f	Risk free rate of return	4.4
β_a	Asset beta (ungeared beta estimate)	1.2
B_e	Equity beta (regeared beta estimate)	1.5
MRP	Equity market risk premium	6.0
K_e	**Cost of equity (post-tax)**	**13.3**

Source: KPMG analysis

Cost of debt (K_d)

We have considered the current spread of corporate bonds of various ratings and tenure over the prevailing risk free rate, as well as Minara's current cost of debt and have adopted a pre-tax cost of debt in the order of 7.5% per annum, which represents a spread of 280 basis points over the risk free rate, which we consider to be reasonable

Corporate tax rate (t_c)

For the purpose of our valuation assessment we have adopted the Australian corporate tax rate of 30% in respect of Murrin Murrin.

Calculation of base WACC

The following table summarises the implied base calculation of a nominal post-tax WACC for application in our valuation assessment based on the assumptions/inputs discussed above.

Table A4 – 3: Calculation of WACC – Murrin Murrin

Input	Definition	
K_d	Cost of debt (pre-tax)	7.5%
K_e	Cost of equity (post-tax)	13.3%
t_c	Corporate tax rate	30.0%
D/(D+E)	Proportion of debt in the capital mix	25.0%
E/(D+E)	Proportion of equity in the capital mix	75.0%
WACC	**Weighted average cost of capital (nominal post-tax)**	**11.3%**

Source: KPMG analysis

Having regard to the wide variability in data relating to betas and gearing set out above, we consider a discount rate in the order of 11.5% per annum to be appropriate for Murrin Murrin.

Appendix 5 – Selected listed companies

Table A5 – 1: Selected listed nickel production companies as at 31 August 2011

Company	Enterprise value $M[2]	Reserve $/t[3]	Resource $/t[4]	EBITDA multiple[5]
Australia				
Minara Resources Ltd.	545.8	486.4	367.2	4.7
Panoramic Resources Ltd.	272.0	1,937.9	1,055.1	4.9
Mincor Resources NL	88.8	2,958.3	558.6	2.6
Western Areas NL	1,149.8	7,108.3	3,418.9[8]	3.6
Independence Group NL	893.4	3,941.2	2,678.5[8]	16.1
International				
Canickel Mining, Ltd.	106.5	1,984.8	314.4	Nmf[6]
Liberty Mines Inc.	69.7	11,778.5[8]	1,388.4	Nmf[6]
Mirabela Nickel Ltd.	1,083.9	1,184.5	563.5	83.1[8]
Norilsk Nickel Mining and Metallurgical Co.[9]	39,441.8	2,667.3	950.9	5.0
ENK PLC	53.5	n/a[7]	144.0	2.9
PT International Nickel Indonesia Tbk	3,724.4	1,840.3	n/a[7]	6.7
Talvivaara Mining Company Plc	1,863.8	n/a[7]	388.3	15.9
Belvedere Resources Ltd.	29.8	2,925.6	1,289.1	14.1
Toledo Mining Corp.	13.8	n/a[7]	39.5	Nmf[6]
Average		**3,832.7**	**1,065.8**	**15.5**
Median		**2,796.5**	**757.2**	**5.8**
Average (excluding outliers)		**2,949.8**	**669.2**	**7.6**
Median (excluding outliers)		**2,667.3**	**558.6**	**4.9**

Notes:

1 *The table above shows resource and reserve valuation comparisons for Australian and international companies predominantly focussed on nickel (Ni). In the case where the comparable companies' resources or reserves contain other metals (for example, gold), a total contained Ni equivalent resource or reserve has been calculated (based on spot metal prices as at 31 August 2011). The spot metal prices used were US$36,000/t for cobalt, US$9,231/t for copper, US$1,829/oz for gold, US$42/oz for silver, US$788/oz for palladium, US$1,856/oz for platinum, US$2,259/t for zinc and US$2,555/t for Lead.*

2 *Enterprise value has been calculated as market capitalisation as at 31 August 2011 converted to AUD as at the same date based on prevailing spot price (where relevant) and net debt/cash of the selected company reported prior to 31 August 2011. Market capitalisations for Minara has been calculated as at 23 August 2011, being the last trading day prior to the date the Offer was announced.*

3 *Calculated as enterprise value divided by reserves.*

4 *Calculated as enterprise value divided by resources.*

5 *Calculated as enterprise value divided by EBITDA based on most recent annualised EBITDA reported prior to 31 August 2011, adjusted for abnormal items.*

6 *EBITDA multiple calculated is negative and is therefore not meaningful.*

7 *No reserves or resource data available to calculate reserve or resource multiple.*

8 *Considered to be outlier based on the standard deviation at an 80% confidence level.*

9 *Norilsk reserves and resources include a reserve of 76.1 million ounces of combined Precious Group Metal (PGM) as well as 278.5 million ounces of combined PGM resource. As the composition of the individual metals are not disclosed, they have not been included in the reserve and resource multiples for Norilsk.*

Source: Capital IQ, company financial statements and KPMG analysis

Table A5 – 2: Selected company descriptions

Company	Description
Panoramic Resources Ltd. (Panoramic)	Panoramic engages in the exploration, evaluation, development, and production of mineral deposits in Australia. It primarily focuses on the production of nickel, copper, and cobalt. The company holds interests in the Savannah project located in Kimberley, and the Lanfranchi project located in Kambalda. The company is based in Perth, Australia.
Mincor Resources NL (Mincor)	Mincor engages in the exploration and mining of mineral resources, primarily nickel and base metals in Australia. The company owns 100% interest in the operating mines comprising Miitel, Otter Juan, Mariners, and McMahon, as well as 70% interest in the Carnilya Hill mine in the Kambalda nickel district. Mincor is headquartered in Perth, Australia.
Western Areas NL (Western Areas)	Western Areas engages in the exploration, development, and production of nickel sulphide in Australia. The company primarily owns a 100% interest in the Forrestania Nickel project located in Western Australia. Western Areas is based in Perth, Australia.
Independence Group NL (Independence Group)	Independence Group engages in exploration and development of mineral properties, primarily gold and nickel in Australia. The company primarily holds interest in the Long nickel mine and the Tropicana joint venture gold project both located in Western Australia. Independence Group is based in Perth, Australia.
CaNickel Mining, Ltd. (CaNickel)	CaNickel engages in the exploration, development, and production of nickel in Canada. The company principally holds interest in the Bucko Lake Nickel Mine located in Wabowden, Manitoba. The company was formerly known as Crowflight Minerals Inc. and changed its name to CaNickel Mining Limited on 22 June, 2011. CaNickel is headquartered in Toronto, Canada.
Liberty Mines Inc. (Liberty Mines)	Liberty Mines Inc. engages in the exploration, development, and production of nickel, copper, cobalt, and platinum group metals in Ontario, Canada. The company holds a 100% interest in the Shaw Dome Nickel Belt, which consists of the Redstone nickel mine, the McWatters nickel mine, and the Hart nickel mine located to the southeast of Timmins. Liberty Mines is headquartered in Toronto, Canada.
Mirabela Nickel Ltd. (Mirabela)	Mirabela, a mineral resource company, engages in the development and exploration of mineral properties in Brazil. It primarily produces and sells nickel concentrate. The company's principal asset comprises its 100% owned Santa Rita nickel sulphide open pit operation located in Bahia State, Brazil. Mirabela is headquartered in Perth, Australia.
Norilsk Nickel Mining and Metallurgical Co. (Norilsk)	Norilsk engages in the exploration, extraction, refining, and sale of base and precious metals. The company produces nickel, palladium, platinum, and copper. It has operations in the Russian Federation, Australia, Botswana, Finland, the South African Republic, and the United States. Norilsk is headquartered in Moscow, the Russian Federation.

Company	Description
European Nickel plc (European Nickel)	European Nickel engages in the identification, acquisition, development, and exploitation of nickel laterite deposits primarily in Turkey, the Philippines, and Albania. European Nickel is based in London, the United Kingdom.
PT International Nickel Indonesia Tbk (PT International)	PT International engages in the exploration, mining, processing, storage, transportation, and marketing of nickel and associated mineral products in Indonesia. The company produces nickel in matte, an intermediate product from lateritic ores. PT International is headquartered in Jakarta, Indonesia and is a subsidiary of Vale Canada Limited.
Talvivaara Mining Company Plc (Talvivaara)	Talvivaara, together with its subsidiaries, engages in the production and sale of base metals in Finland. The company primarily produces nickel and zinc. It primarily holds interest in the Talvivaara mine, which consists of two metasedimentary hosted nickel sulphide ore bodies, located in Sotkamo in eastern Finland. Talvivaara is based in Espoo, Finland.
Belvedere Resources Ltd. (Belvedere)	Belvedere Resources Ltd. engages in the exploration, development, and production of mineral properties. The company produces nickel, cobalt, and copper from its Hitura nickel mine located in Finland. Belvedere is based in Vancouver, Canada.
Toledo Mining Corp. (Toledo)	Toledo engages in the mining and development of nickel laterite deposits primarily in the Philippines. The company has interests in four nickel deposits on the island of Palawan. Toledo is headquartered in London, the United Kingdom.

Source: Capital IQ and KPMG analysis

Appendix 6 – Selected transactions

Target	Percentage acquired	Acquirer	Date announced	Consideration ($M)[1,2]	Resource multiple[3,4,5,6,7] Resource $/t	Reserve $/t
Rusina Mining NL	97%	European Nickel Plc	3-Feb-10	32.4	91.6	n/a
Ravensthorpe Nickel Operations	100%	First Quantum Minerals Ltd	9-Dec-09	374.2	157.8	n/a
Canadian Royalties	100%	Jilen Jien and Goldbrook Ventures	7-Aug-09	115.7	481.6	1,010.8
Braemore Resources Plc	100%	Jubilee Platinum Plc	29-Jun-09	36.5	231.3	n/a
Sechol Nickel Project	100%	Anfield Nickel Corporation	21-Apr-09	17.8	25.5	n/a
Donegal Resources Pty Ltd	100%	Panoramic Resources Limited	27-Feb-09	9.7[8]	281.5	527.7
Weda Bay Nickel project	30%	Mitsubishi Corporation	19-Feb-09	755.4	162.4	515.0

Notes:

1. *Consideration represents the market value of the target, denominated in Australian dollars, calculated based on the bidder's closing share price, the prevailing exchange rate on the last trading day prior to the announcement (as applicable) and the number of shares on issue prior to the announcement date.*
2. *Where the transaction involved a company acquiring the balance of shares it did not directly own, the consideration has been grossed up to reflect an implied acquisition of 100 percent.*
3. *Resources and reserve multiples are calculated using the enterprise value implied by the consideration offered and the target's net debt/cash position reported prior to the announcement of the transaction. Resources and reserves have been sourced from latest resources and reserves statement announced by the company prior to the announcement of the transaction. In the case where the comparable companies' resources or reserves contain other metals (for example, gold), a total contained Ni equivalent resource or reserve has been calculated (based on spot metal prices as at 31 August 2011). The spot metal prices used were US$36,000/t for cobalt, US$9,231/t for copper, US$1,829/oz for gold, US$788/oz for palladium and US$1,856/oz for platinum.*
4. *Reserve multiples are based on proven and probable reserves (exclusive of stockpile)*
5. *Resource multiples are based on measured, indicated and inferred resources and includes reserves.*
6. *If financial report/announcement does not disclose whether resources are inclusive/exclusive of reserves, we have assumed that resources are disclosed as being inclusive of reserves.*
7. *In relation to the resource/reserve multiples, n/a indicates that the resource/reserve figure is not available.*
8. *Panoramic also allotted 3 million unlisted, non-transferable options over Panoramic shares which have not been incorporated in our assessment of consideration*

Source: Capital IQ, MergerMarket, Connect 4, company websites, company announcements, company financial statements and KPMG analysis

Appendix 7 – Overview of valuation methodologies

Net assets or cost based

Under a net assets or cost based approach, total value is based on the sum of the net asset value or the costs incurred in developing a business to date, plus, if appropriate, a premium to reflect the value of intangible assets not recorded on the balance sheet.

Net asset value is determined by marking every asset and liability on (and off) the company's balance sheet to current market values.

A premium is added, if appropriate, to the marked-to-market net asset value, reflecting the profitability, market position and the overall attractiveness of the business. The net asset value, including any premium, can be matched to the 'book' net asset value, to give a price to net assets, which can then be compared to that of similar transactions or quoted companies.

A net asset or cost based methodology is most appropriate for businesses where the value lies in the underlying assets and not the ongoing operations of the business (e.g. real estate holding companies). A net asset approach is also useful as a cross check to assess the relative riskiness of the business (e.g. through measures such as levels of tangible asset backing).

Capitalisation of earnings

An earnings based approach estimates a sustainable level of future earnings for a business ('maintainable earnings') and applies an appropriate multiple to those earnings, capitalising them into a value for the business. The earnings bases to which a multiple is commonly applied include Revenue, EBITDA, EBIT and PAT.

In considering the maintainable earnings of the business being valued, factors to be taken into account include whether the historical performance of the business reflects the expected level of future operating performance, particularly in cases of development, or when significant changes occur in the operating environment, or the underlying business is cyclical.

With regard to the multiples applied in an earnings based valuation, they are generally based on data from listed companies and recent transactions in a comparable sector, but with appropriate adjustment after consideration has been given to the specific characteristics of the business being valued. The multiples derived for comparable quoted companies are generally based on share prices reflective of the trades of small parcels of shares. As such, multiples are generally reflective of the prices at which portfolio interests change hands. That is there is no premium for control incorporated within such pricing. They may also be impacted by illiquidity in trading of the particular stock. Accordingly, when valuing a business en bloc (100%) we would also reference the multiples achieved in recent mergers and acquisitions, where a control premium and breadth of purchaser interest are reflected.

An earnings approach is typically used to provide a market cross-check to the conclusions reached under a theoretical DCF approach or where the entity subject to valuation operates a mature business in a mature industry or where there is insufficient forecast data to utilise the DCF methodology.

Discounted cash flow

Under a DCF approach, forecast cash flows are discounted back to the Valuation Date, generating a net present value for the cash flow stream of the business. A terminal value at the end of the explicit forecast period is then determined and that value is also discounted back to the valuation date to give an overall value for the business.

In a DCF analysis, the forecast period should be of such a length to enable the business to achieve a stabilised level of earnings, or to be reflective of an entire operation cycle for more cyclical industries. Typically a forecast period of at least five years is required, although this can vary by industry and by sector within a given industry.

The rate at which the future cash flows are discounted ('the Discount Rate') should reflect not only the time value of money, but also the risk associated with the business' future operations. This means that in order for a DCF to produce a sensible valuation figure, the importance of the quality of the underlying cash flow forecasts is fundamental.

The Discount Rate most generally employed is the WACC, reflecting an optimal (as opposed to actual) financing structure, which is applied to unleveraged cash flows and results in an Enterprise Value for the business. Alternatively, for some sectors it is more appropriate to apply an equity approach instead, applying a cost of equity to leveraged cash flows to determine equity value.

In calculating the terminal value, regard must be had to the business' potential for further growth beyond the explicit forecast period. This can be calculated using either a capitalisation of earnings methodology or the 'constant growth model', which applies an expected constant level of growth to the cash flow forecast in the last year of the forecast period and assumes such growth is achieved in perpetuity.

Enterprise or equity value

Depending on the valuation approach selected and the treatment of the business' existing debt position, the valuation range calculated will result in either an enterprise value or an equity value being determined.

An enterprise value reflects the value of the whole of the business (i.e. the total assets of the business including fixed assets, working capital and goodwill/intangibles) that accrues to the providers of both debt and equity. An enterprise value will be calculated if a multiple is applied to unleveraged earnings (i.e. revenue, EBITDA, EBITA or EBIT) or unleveraged free cash flow.

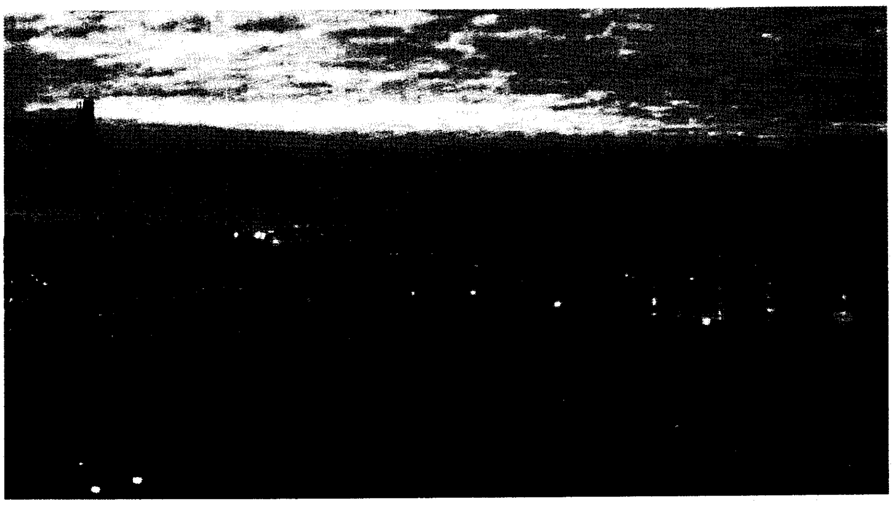
An equity value reflects the value that accrues to the equity holders. To compare an enterprise value to an equity value, the level of net debt must be deducted from the enterprise value. An equity value will be calculated if a multiple is applied to leveraged earnings (i.e. NPAT) or free cash flow, post debt servicing.

Appendix 8 – SRK Consulting (Australasia) Pty Ltd – Independent Technical Specialist Report

Minara Resources Limited - Independent Technical Assessment and Valuation

Report Prepared for

KPMG Corporate Finance (Aust) Pty Ltd



Report Prepared by

srk consulting

MNR002

September 2011

Minara Resources Limited - Independent Technical Assessment and Valuation

KPMG Corporate Finance (Aust) Pty Ltd

235 St Georges Terrace, Perth WA 6000

SRK Consulting (Australasia) Pty Ltd

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SRK Project Number MNR002

September 2011

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Executive Summary

SRK Consulting (SRK) was engaged by KPMG Corporate Finance (Aust) Pty Ltd (KPMG) to undertake an Independent Technical Assessment and Valuation of the mining assets of Minara Resources Limited (Minara) as input to an Independent Expert Report being prepared by KPMG in relation to the off-market takeover offer by Glencore Investment Pty Ltd (Glencore), a 100% subsidiary of Glencore International plc, to acquire all the shares in Minara to which it is not already entitled (Proposed Transaction). The Report describes the technical assets of Minara, primarily mining and exploration assets around the Murrin Murrin Nickel/Cobalt Joint Venture Project (MMJV) in Western Australia, and provides a valuation of those assets. This Joint Venture is a 60:40 JV between Minara and a wholly owned subsidiary of Glencore International plc.

This report is intended for inclusion as an appendix to KPMG's Independent Expert Report covering the same assets.

This Report has been prepared to the standard of, and is considered by SRK to be, a Technical Assessment and Valuation Report under the guidelines of the VALMIN Code.

This report also complies with ASIC Regulatory Guide 111 (Content of Experts Reports) and Regulatory Guide 112 (Independence of Experts).

Outline of work program

The work program has been completed over a period of approximately three weeks from 29 August 2011 to 16 September 2011, with a draft report provided to KPMG on 13 September 2011. SRK assigned nine consultants to achieve this timeframe.

MMJV Review Results

The major assets of Minara are centred on the Murrin Murrin mining and nickel processing operation in the northern sector of the Eastern Goldfields region of Western Australia, located about half way between the regional towns of Leonora and Laverton.

The assets are predominantly supporting the mining, processing and refining of nickel and cobalt at its large industrial complex located at Murrin Murrin. Mining tenements fall into three major categories, being tenements that have nickel laterite Mineral Resources which support the MMJV, other mining leases, and exploration tenements and other interests that are not currently in the Life of Mine plan (LOM), and interests in tenements that are outside of the MMJV.

SRK's approach to the valuation of Minara has been to review, and where appropriate amend, an internal Minara valuation model using the Discounted Cash Flow (DCF) approach to valuation, based on a review of the operation and the various physical, cost and revenue assumptions that go into making up a DCF valuation model. The other assets have been valued using two basic methods:

- Where resources or defined exploration targets exist, SRK has used a market-based approach, where the assets are compared to other assets on which transactions have been completed, and making an assessment of the tenements on a tonnes of contained nickel basis.
- Where exploration assets do not have identified mineralisation to a level where a target tonnage and grade can be implied, SRK has used exploration property transactions for similar commodities, and valued these assets based on the tenement area or the exploration expenditure associated with improving the value of the tenements.

The Resources and Reserves of the MMJV were last reported at 31 December 2010. Both the Resources and Reserves are very large compared to the total amount of material processed annually through the Murrin Murrin plant and refinery. The company has generated its LOM over 25 years of Reserves, but using the same production profile, resources are sufficient for in excess of 40 years at current production rate. There is a long term trend for the nickel (Ni) grade of resources to decrease, and there is an impact of this past the 25 year mine life.

Methods used to generate the Reserves were reviewed, and the optimisation, costing and scheduling are all done using advanced methods with adequate review. As a result SRK does not see any risk to the MMJV related to Resources and Reserves, and therefore to the Minara share of the MMJV.

In the plant, the feed preparation circuit (area 3100) has been substantially upgraded over the past few years, with the installation of a paste thickener and new screens. However, availability still falls short of consistently achieving the 85% target. There is $50 million in the capital budget for improvements over the next 3 years to improve both throughput and availability in area 3100. This should have a positive impact on area 3200 by reducing the risk associated with utilisation and throughput targets.

Heap leach and plant Counter Current Decantation stage (CCD) recoveries have been consistent over the last few years, and SRK has modelled the LOM using these historical recoveries. Minara has suggested higher recoveries in these areas, which if achieved will result in improved NPV performance by 7.1% over the SRK base case.

Availability is a function of planned and unplanned downtime. The forecast availability is similar to that achieved in previous years (2006, 2007, 2009), but other years have seen much worse results (e.g. 62.7% in 2010). The circuit may still experience major incidents, which represents a risk to delivery on the Valuation model.

The valuation model is based on achieving 3.3 Mtpa of autoclave feed. This is achievable based on current operating performance and improvements to the mill circuit. However, unforseen events may affect this target from time to time. Minara has implemented an improved maintenance system to address this issue, and expected results of this program are factored into the model from 2012.

Other exploration assets have been valued using standard market-based techniques, and described in the report. Marshall Pool is the most material of these assets, which was valued using comparable market transactions for similar nickel laterite resources and allowing for synergy due to its location relative to the Murrin Murrin plant.

Valuation Results

Project	% Minara	Low of range ($M)	Preferred Value ($M)	High of Range ($M)
Murrin Murrin JV	60	543.20	642.40	800.20
Marshall Pool	60	99.74	117.33	152.53
Secondary feed stockpile	60	8.36	8.36	8.36
Mount Lucky	60	1.55	2.37	3.20
Pelican	60	0.03	0.05	0.08
Irwin – Coglia Well	36	0.07	0.13	0.21
Yerilla	60	0.18	0.29	0.38
Bounty Ni Royalty	60	0.90	0.90	0.90
Bardoc Ni Rights JV	100	0.24	0.48	0.72
Depot Springs	50	0.34	0.52	0.71
Total value		**654.61**	**772.83**	**967.29**

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Disclaimer

The opinions expressed in this Report have been based on the information supplied to SRK Consulting (Australasia) Pty Ltd (SRK) by Minara Resources Limited (Minara) and KPMG Corporate Finance (Aust) Pty Ltd (KPMG). This Report has been provided in response to a specific request from KPMG to do so. SRK has exercised all due care in reviewing the supplied information. Whilst SRK has compared key supplied data with expected values, the accuracy of the results and conclusions from the review are entirely reliant on the accuracy and completeness of the supplied data. SRK does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them. Opinions presented in this Report apply to the site conditions and features as they existed at the time of SRK's investigations, and those reasonably foreseeable. These opinions do not necessarily apply to conditions and features that may arise after the date of this Report, about which SRK had no prior knowledge nor had the opportunity to evaluate.

List of Abbreviations

Abbreviation	Meaning
AC	Autoclave
AHD	Above Height Datum
CAPEX	Capital expenditure
DEC	Department of Environment and Conservation
DCF	Discounted Cash Flow
DMP	Department of Mines and Petroleum
dmt	dry metric tonne
DOIR	Department of Industry and Resources (now DMP)
EP	Environmental Protection
EPA	Environmental Protection Agency
EPBC	Environment Protection and Biodiversity Conservation
FZ	ferruginous zone
g/L	gram per Litre
GJ	Gigajoule
Glencore	Glencore International plc
GWh/y	Gigawatts per year
h	hour
ha	hectare
HL	Heap leach
ID	Internal Diameter
JORC Code	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC), December 2004.
kl	kilolitre
KPMG	KPMG Corporate Finance (Aust) Pty Ltd
l	litre
LOM	life of mine
LTE	Long Term Engineering
M	Million
m^3/h	cubic metre per hour
mg/L	milligrams per litre
µm	micrometer (= 1 x 10-6 m)
Mg	Magnesium
Minara	Minara Resources Limited
mm	millimetre
MMJV	Murrin Murrin Nickel/Cobalt Joint Venture
Mt	Million tonnes
Mtpa	Million tonnes per annum
NGER	National Greenhouse and Energy Reporting

Abbreviation	Meaning
Ni	Nickel
NPI	National Pollutant Inventory
NPV	net present value
OPEX	Operating expenditure
PAL	Pressure Acid Leach
pH	negative logarithm (base 10) of the molar concentration of dissolved hydronium ions
RC	Reverse Circulation
RD	Relative Density
RF	Revenue Factor
ROM	Run of Mine
SE	Southeast
SRK	SRK Consulting (Australasia) Pty Ltd
t	tonne(s)
T	Transmissivity
tpa	tonnes per annum
TSF	Tailings Storage Facility
UTS	Unconfined Tensile Strength
WA	Western Australia

1 Introduction and Scope of Report

SRK Consulting (SRK) was engaged by KPMG Corporate Finance (Aust) Pty Ltd (KPMG) to undertake an Independent Technical Assessment and Valuation of the mining assets of Minara Resources Limited (Minara) as input to an Independent Expert Report being prepared by KPMG in relation to the off-market takeover offer by Glencore Investment Pty Ltd (Glencore), a 100% subsidiary of Glencore International plc, to acquire all the shares in Minara to which it is not already entitled (Proposed Transaction). The Report describes the technical assets of Minara, primarily mining and exploration assets around the Murrin Murrin Nickel/Cobalt Joint Venture Project in Western Australia, and provides a valuation of those assets.

SRK has reviewed of all material components of the Minara projects including:

1 Exploration and mining tenements.

2 Resources and Reserves supporting the current Life of Mine (LOM) plan.

3 Mining methods, open pit designs, production schedules.

4 Review of metallurgy and process plant process, including assessment of sustaining capital requirements.

5 Operating and capital costs related to mining – comparison of past production history and costs.

6 A review of the current tailings storage facility and heap leach pad design, and how these operations tie into the mine plans, mine production schedules and metal production.

7 Aspects of water management as they impact the various facilities.

8 Review of budget and actual production and costs for 2011, and preceding year actual data.

9 Projection through LOM to provide the current LOM value.

10 Projection of value of reasonable resource not yet in the LOM, and assets not currently developed.

The study includes a review of significant environmental aspects of the project, including permitting, compliance and mine closure matters. The review of environment aspects of Minara's operations comprise a high level review of obligations arising from tenement conditions, environmental approvals and other related approvals (water licences and Section 18 Aboriginal heritage approvals).

KPMG has provided macroeconomic data to SRK in reaching a valuation opinion. These include:

- Commodity prices and forecasts
- Foreign exchange rates and forecasts
- Inflation rates and forecasts
- Discount rate applied
- Tax flows in the cash flow model

KPMG also advised that for the purpose of the valuation it was appropriate to exclude the impact of the potential carbon tax.

The symbol "$" or "dollars" refer to Australian dollars unless specified otherwise.

2 Work Programme

2.1 Programme objectives

The primary objective of this work is to provide an Independent Technical Assessment and Valuation of the mineral assets and any associated mineral infrastructure of Minara including:

- The production assets of Minara comprising the Murrin Murrin project located in Western Australia.
- Minara's interests in any other mineral assets/projects.

This report is intended for inclusion as an appendix to KPMG's Independent Expert report including the same assets.

2.2 Reporting Standard

This Report has been prepared to the standard of, and is considered by SRK to be, a Technical Assessment and Valuation Report under the guidelines of the VALMIN Code.

The VALMIN Code is the code adopted by the Australasian Institute of Mining and Metallurgy and the standard is binding upon all AusIMM members. The VALMIN Code incorporates the JORC Code for the reporting of Mineral Resources and Ore Reserves.

This report also complies with ASIC Regulatory Guide 111 (Content of Experts Reports) and Regulatory Guide 112 (Independence of Experts).

In this Report, identified Mineral Resources and Ore Reserves are quoted using categorisation in accordance with the JORC Code (2004). Apart from the Murrin Murrin Resource and Reserve Statement, it should not be assumed that these Mineral Resource and Ore Reserve Estimates have necessarily been carried out in accordance with the guidelines and recommendations laid out in the JORC Code (2004), at least until further documentation can be obtained on the estimates and they have been formally endorsed by a 'Competent Person' in accordance with the JORC Code (2004).

2.3 Work program

The work program has been completed over a period of three weeks from 29 August 2011 to 16 September 2011, with a draft report provided to KPMG on 12 September 2011. SRK assigned nine consultants to achieve this timeframe.

2.4 Project team

Consultants assigned to this project are shown in Table 2-1.

Table 2-1: Consultants assigned with their areas of responsibility

Consultant	Title	Role
Peter Williams	Corporate Consultant	Project Manager / geology
Jessica Binoir	Senior Consultant	Sampling review and geological model review
Daniel Guibal	Corporate Consultant	Resource review
Roger Pooley	Principal Consultant	Mining/Reserve Review
Sjoerd Duim	Corporate Consultant	Economic model, cost review
Lisa Chandler	Principal Consultant	Environmental Review
Dave Luppnow	Principal Consultant	Tailings, Heap Leach, Waste Management and Surface Water Review
Tim Newton	Process Engineer	Process Review
Brett Muller	Process Engineer	Process Review
Mike Warren	Corporate Consultant	Peer Review

2.5 Site Visit

In accordance with Valmin guidelines, SRK experts were involved in site visits to the Murrin Murrin operations as per Table 2-2. Guidance on site was provided by Matt Brown of Minara. The site visit was held on 31 August and 1 September 2011. A subsequent site visit was held to review the process plant and related infrastructure from 5 September to 8 September 2011.

Table 2-2: Site visit details – personnel and purpose

Jessica Binoir	Dave Luppnow	Sjoerd Duim	Lisa Chandler	Tim Newton
Operating open pits	Tailings facilities	Operating open pits to observe mining selectivity, and pit wall control	Mine rehabilitation activities and results	Process plant
See drill sampling procedures if possible	Heap Leach	Heap Leach	Fuel and reagent management	Metallurgy
	Agglomeration process, leach cycle, waste disposal	ROM stockpiles, blending and ROM management		CAPEX and OPEX review of plant
Resource and grade control drilling	Water balance, tailings and leach circuits	Grade control drilling	Water supply / management	
Geology models and reports	TSF closure (in pit and surface), spent ore disposal and closure	Mineral Resource to Ore Reserve conversion process.	Closure planning and costing	
Resource models and reports		Mine planning procedures	Monitoring and compliance activities	
Written procedures for all drilling, sampling; assay and QA/QC		Pit optimisation and Blending, Minemax scheduling	Contractor management	
Data used for geology and resource models		LOM Production Schedule and Opex and Capex cost estimation based on the physicals (activity based costing)	Native Title matters (i.e. land access / tenure)	

2.6 Statement of SRK Independence

Neither SRK nor any of the authors of this Report have any material present or contingent interest in the outcome of this Report, nor do they have any pecuniary or other interest that could be reasonably regarded as being capable of affecting their independence or that of SRK.

SRK has no prior association with Minara or Glencore in regard to the mineral assets that are the subject of this Report. SRK has no beneficial interest in the outcome of the Independent Technical Assessment being capable of affecting its independence.

SRK's fee for completing this Report is based on its normal professional daily rates plus reimbursement of incidental expenses. The payment of that professional fee is not contingent upon the outcome of the Report.

2.7 Warranty

Minara has warranted in writing to SRK that full disclosure has been made of all information that Minara understands to be material to the preparation of this Report and that, to the best of its knowledge and understanding, such information is complete, accurate and true.

2.8 Indemnities

As recommended by the VALMIN Code, Minara has provided SRK with an indemnity under which SRK is to be compensated for any liability and/or any additional work or expenditure resulting from any additional work required:

- Which results from SRK's reliance on information provided by Minara or to Minara not providing material information; or
- Which relates to any consequential extension workload through queries, questions or public hearings arising from this Report, except to the extent caused by the negligence, recklessness, wilful misconduct or fraud of SRK, its related bodies corporate or any of their directors, officers or employees.

2.9 Consents

SRK consents to this Report and references to and/or quotes from this report, being included in the KPMG Independent Expert Report, and the documents to be provided to the Minara shareholders and the appropriate authorities in Australia in relation to the Proposed Transaction, in the form and context in which the technical assessment is provided, and not for any other purpose.

SRK provides this consent on the basis that the technical assessments expressed in the Summary and in the individual sections of this Report are considered with, and not independently of, the information set out in the complete Report.

3 Project Description and Location

The major assets of Minara are centred on the Murrin Murrin mining and nickel processing operation in the northern sector of the Eastern Goldfields region of Western Australia, located about half way between the regional towns of Leonora and Laverton (Figure 3-1).

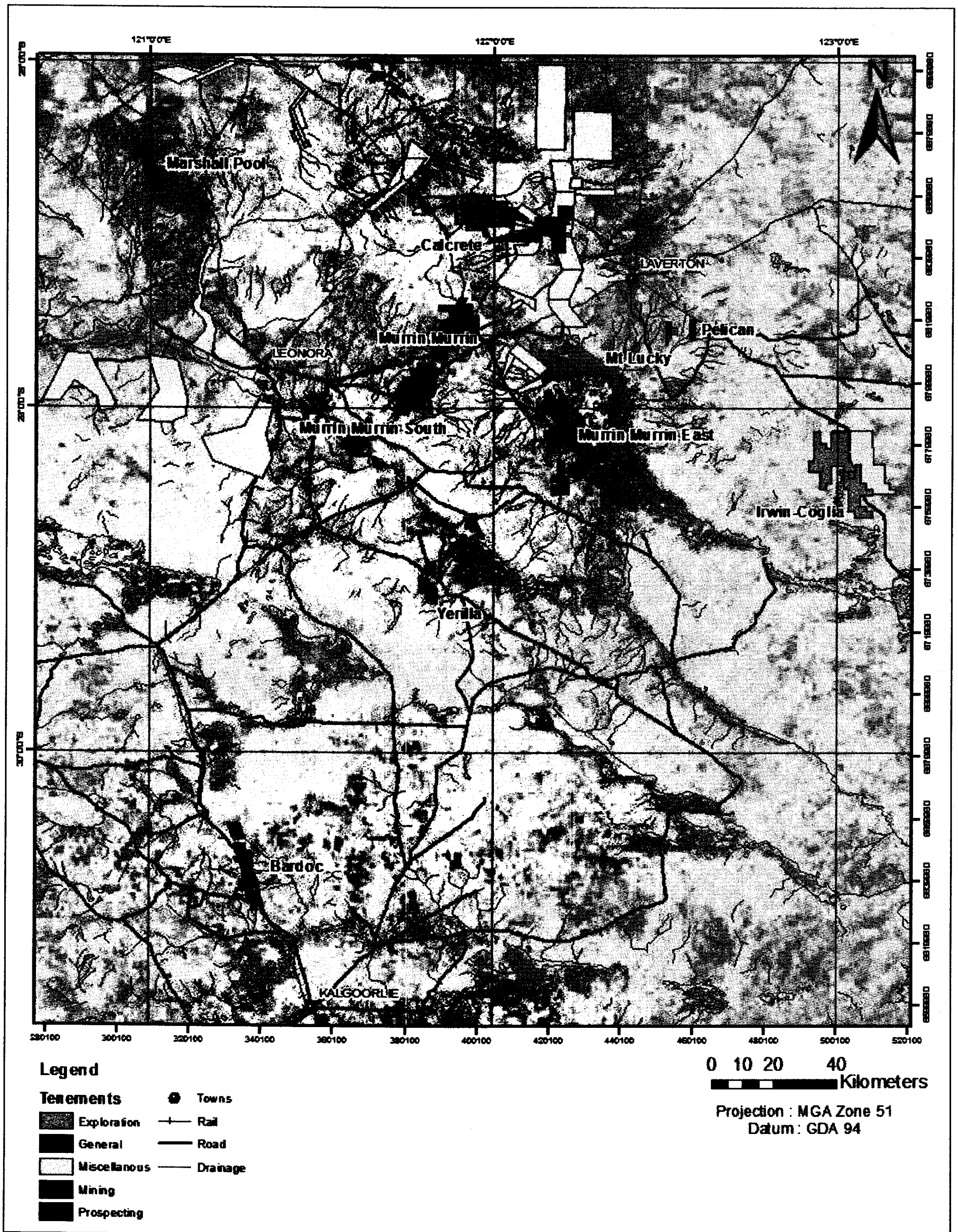

Figure 3-1: Murrin Murrin project area and tenement blocks

(Source: Tengraph search, SRK)

Additional project locations away from Murrin Murrin are at Irwin – Coglia Well, Marshall Pool, Mt Lucky (manganese), Pelican, Bardoc (Ni rights JV) and Mount Zephyry (Calcrete).

In addition, Minara has assets related to the Bounty nickel royalty.

3.1 Ownership and tenements

The Murrin Murrin operation is a joint venture (MMJV) between Minara (60%) and a wholly owned subsidiary of Glencore International plc (40%). The MMJV has access to a number of tenements held by the MMJV and by third parties. SRK has reviewed the tenement listing provided by the MMJV tenement managers. Independent inquiry through extracted tenement information from the Department of Mines and Petroleum (DMP) tenement databases confirms that the listing supplied is the same as the records at DMP. Some of the assets not held by the MMJV are covered by separate agreements.

3.1.1 Underlying agreements

The agreements underlying the tenement holdings are:

- Murrin Murrin East Eucalyptus tenements letter agreement
- Bounty Nickel Joint Venture Royalty Deed
- Bardoc Mining Rights Deed

SRK has seen these agreements, but is not legally qualified to comment on their enforceability.

Mining Leases M39/397, M39/398, M39/399, M39/400 at Murrin Murrin are owned by Aumex Pty Ltd. The MMJV (through subsidiary companies) has the nickel laterite rights to the tenements held by Aumex Pty Ltd. Aumex acquired the tenements from Samson Exploration NL and Equinox Resources Ltd. The tenements were already subject to an agreement dated 27 October 1994 between Anaconda Nickel NL (later Minara) and Samson Exploration NL and Equinox Resources Ltd. Minara assigned its rights to Murrin Murrin Holdings Pty Ltd and Glenmurrin Pty Ltd on 30 November 2005 prior to Aumex Pty Ltd acquiring the tenements in March 2006.

4 Environmental and permitting

4.1 Biophysical context

The project area is generally characterised by subdued terrain with low hills and escarpments and poorly defined drainage lines and playa lakes. Murrin Murrin lies between two northwest-southeast trending lines of ephemeral salt lakes, Lake Raeside to the west and south, and Lakes Irwin and Carey, to the north and east, respectively.

The climate is the project area is warm and semi-arid with low, but variable rainfall and very high evaporation. Average annual rainfall is approximately 260 mm/year. Pan evaporation (measured at Kalgoorlie-Boulder) is in the order of 2800 mm/year.

There are a number of groundwater aquifers in the project area. The typical pre-mining groundwater condition near the Murrin Murrin mining areas was characterised by brackish water quality (Total Dissolved Solids in the range of 1200 mg/L to approximately 3000 mg/L) with generally alkaline pH. The pre-mining groundwater elevation is estimated to have occurred in the range from about 415 mAHD to 430 mAHD, corresponding to depths of approximately 35 to 55 m below ground level. The Murrin Murrin project lies near a groundwater and surface water catchment divide and the natural direction of groundwater is predominantly to the southeast (in the Cement Creek catchment) and to the southwest (in the Katata and Kilkenny Creek catchments) (Environ Australia Pty Ltd, 2010).

Minara's tenements are located in the Murchison Region of the Eremaean Botanical Province (Beard, 1976). Vegetation in the Murchison region is the characterised by "mulga" communities, comprising open woodlands of Acacia aneura and A. ayersiana with Casuarina obesa and open mixed chenopod shrublands. Halophytic vegetation units occur near the playa lakes and denser, potentially water dependent woodlands occur along the paleochannel drainage systems. The area has been grazed for over 100 years and parts of the project area vegetation have been impacted by historic sheep grazing and by feral goats. The vegetation assemblages in the project area are generally common and no regionally significant vegetation communities have been identified.

A total of 125 vertebrate species have been identified within the project area including three frogs, thirty-three reptiles, seventy-three birds and sixteen mammals. Most species are common and typical of arid central Western Australia. The protected species Falco peregrinus (Peregrin Falcon) and Leipoa ocelata (Mallee fowl) are known to occur in or near the project area.

4.2 Regulatory context

Mining operations in the State of Western Australia (WA) are subject to a range of regulatory controls. The key regulatory instruments under which environmental implementation conditions are imposed include the:

- *Environmental Protection Act 1986* and regulations (control of impacts on social and biophysical environmental values; pollution prevention; protection of native vegetation).
- *Wildlife Conservation Act 1951* (protection of flora and fauna).
- *Rights in Water and Irrigation Act* 1914 (RIWI Act) and/or the *Country Areas Water Supply Act 1947* (water abstraction).
- *Mining Act 1978* (soil and land conservation; mine rehabilitation; pollution prevention).
- *Aboriginal Heritage Act 1972* (protection of Indigenous cultural values).

Of these, the Environmental Protection Act ("EP Act") takes primacy.

In some cases mining projects will be subject to conditions imposed under the Commonwealth *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act). In 2008 a proposed project expansion to allow mining at Murrin Murrin East was referred to the Commonwealth for possible assessment under the EPBC Act. The referral followed the discovery of a mallee fowl (a protected species under Commonwealth legislation) on Yundamindra pastoral station, approximately 15 km west of the Murrin Murrin East tenements. However the Commonwealth decided that the project was not a controlled action and did not require assessment under the EPBC Act. None of Minara's active projects appear to have been deemed to constitute "controlled actions" under the EPBC Act.

State and federal legislation governing Native Title is not directly relevant to environmental regulation, but can have an indirect bearing on environmental approvals in that outstanding Native Title matters may hinder the granting of tenure, which in turn may delay assessment of environmental applications ("mining proposals") submitted to the DMP. There are at least five Native Title claims over parts or all of Minara's tenements.

The Murrin Murrin project is an emitter of greenhouse gases and is required to report under the Nation Greenhouse and Energy Reporting (NGER) framework. Minara also reports under the National Pollutant Inventory (NPI).

4.3 Environmental approvals

Murrin North has been actively mined since 1997 and Murrin South since 2004. Numerous pits and associated infrastructure are now established in these project Areas. Mining at Murrin Murrin East was approved in 2010. The Murrin Murrin project (and its various expansions) is subject to conditions imposed under 4 Ministerial Statements (numbers 418, 444, 445 and 506) and at least 130 mining proposals.

The project operates under an environmental licence issued by the Department of Environment and Conservation (DEC) (licence number L7276/1996/10). The environmental operating licence regulates a range of "prescribed activities" including crushing and screening of ore, processing/beneficiation of ore, metal refining, power generation, chemical products manufacture, sewage treatment and disposal of waste to landfill.

Seven groundwater abstraction licences have been issued for the Murrin Murrin project, giving an annual water allocation of approximately 15.3 GL. All licences are current, and sufficient to support the operation.

4.4 Significant Environmental Issues

There is considerable complexity in the regulatory regime governing Minara's Murrin Murrin operations. The project is generally well-resourced and operates under a well-established and generally effective environmental management system. Minara's successful mine rehabilitation efforts have been recognised through the award of a Golden Gecko award in 2008. There are three aspects of environmental management that represent risks not currently reflected in the valuation model. These are:

- Tailings management: – this relates to seepage from the above ground TSFs. The MMJV is taking steps to address this with additional control bores.
- Water supply
- Mine closure: The various Ministerial approvals (for example, Condition 8 of Ministerial Statement 506) require the operator of the Murrin Murrin project to implement a "walk away" mine closure plan. The cost impact of this at closure is difficult to determine, based on uncertainty about the effectiveness of ongoing control measures being implemented. Similarly, weed infestation may result in constraints to mine closure and bond retirement.

5 Regional geology and mineralisation

The Minara tenements are located in the Leonora – Laverton region of the Eastern Goldfields Granite-Greenstone Terrane (Figure 5-1), which makes up the eastern third of the Archean Yilgarn Craton (Painter *et al.*, 2003). Swager *et al.* (1995) note that the greenstones of the Eastern Goldfields Province host rich deposits of nickel and gold, and comprise metamorphosed mafic and ultramafic volcanic and intrusive rocks and felsic volcanic and sedimentary rocks which outcrop in highly deformed, linear belts intruded by, and separated by, variably deformed and metamorphosed granitoid rocks. They add that distinctive features of the Eastern Goldfields Province are the large volume of komatiite concentrated in the western half of the province and the virtual absence of Banded Iron Formation, which is common outside areas that are rich in komatiite.

Swager *et al.* (1995) add that the entire Eastern Goldfields Province is characterised by a strong north-northwest structural trend defined by major faults and shear zones, regional folds, and elongate granitoid batholiths (Figure 5-1). This has resulted in an anastomosing system of shear zones with elongate greenstone belts or domains with well-established stratigraphic sequences that are difficult to correlate across the major faults.

The main Murrin Murrin North and Murrin Murrin South tenements are situated above a northeast striking zone of ultramafic-rich stratigraphy located between a regional syncline to the west and anticline to the east. The Murrin Murrin East tenements are located on the eastern limb of this regional anticline, where complex folding is evident in the stratigraphy, resulting in considerably increased surface area underlain by the host ultramafic rocks.

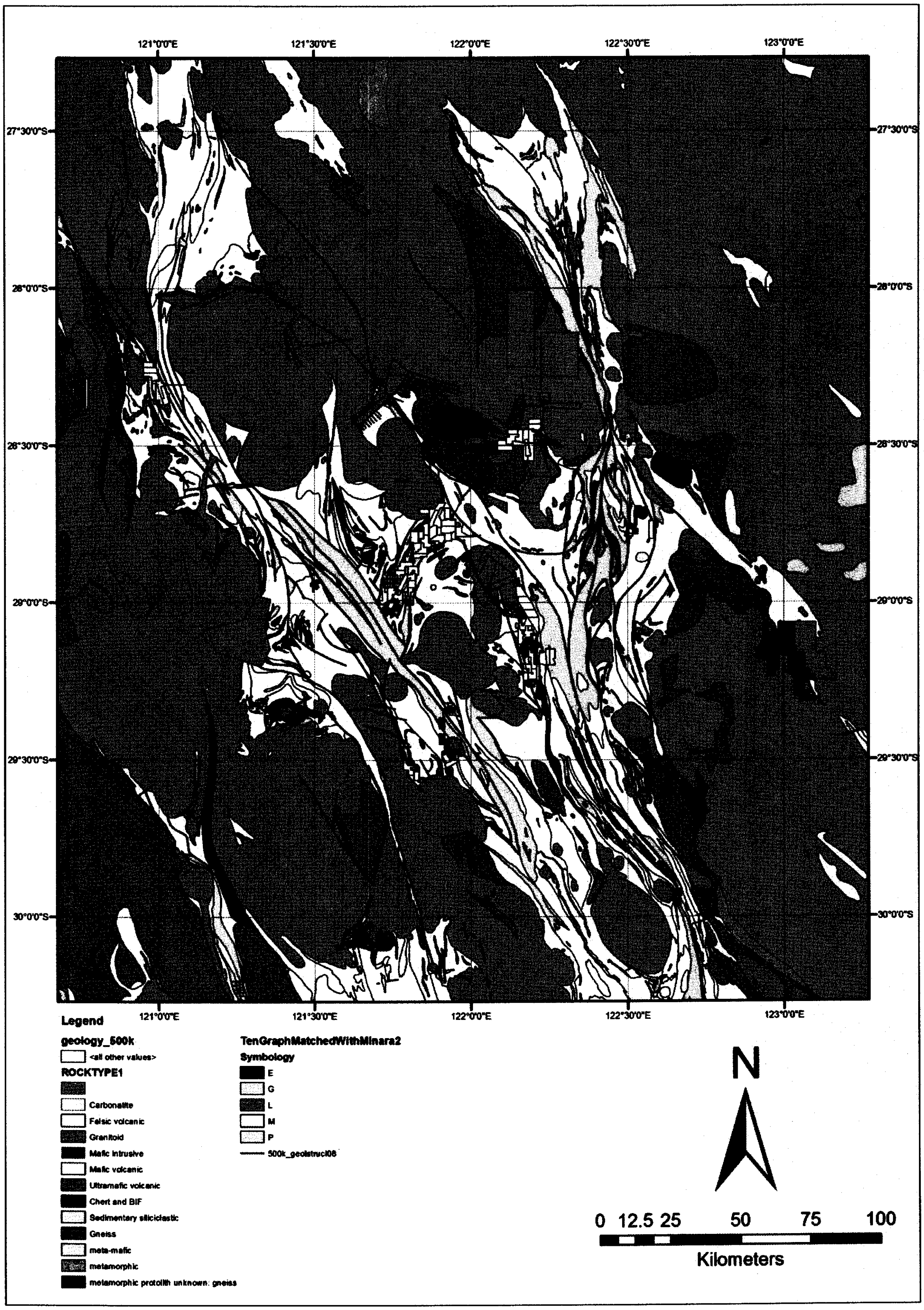

Figure 5-1: Geological setting of the Murrin Murrin project and other tenements

5.1 Mineralisation

Lateritic nickel-cobalt deposits in Western Australia are developed over ultramafic rocks as part of the process of weathering. The main mineralised zone is smectite clays enriched in nickel and cobalt (SM zone) developed in the saprolite beneath a laterite cap or ferruginous zone (FZ). Mineralisation extends into both the FZ and the saprolite zone. There is also smectite in the saprolite zone (SA), which generally has a lower Ni tenor than the smectite zone. This is shown in Figure 5-2. The mineralised profiles are commonly irregular and grade is variable between deposits. The strategy of the geology department at the operation is to identify and develop the higher grade deposits to maximise beneficial components and to minimise the penalty or deleterious elements in the feed to the process plant.

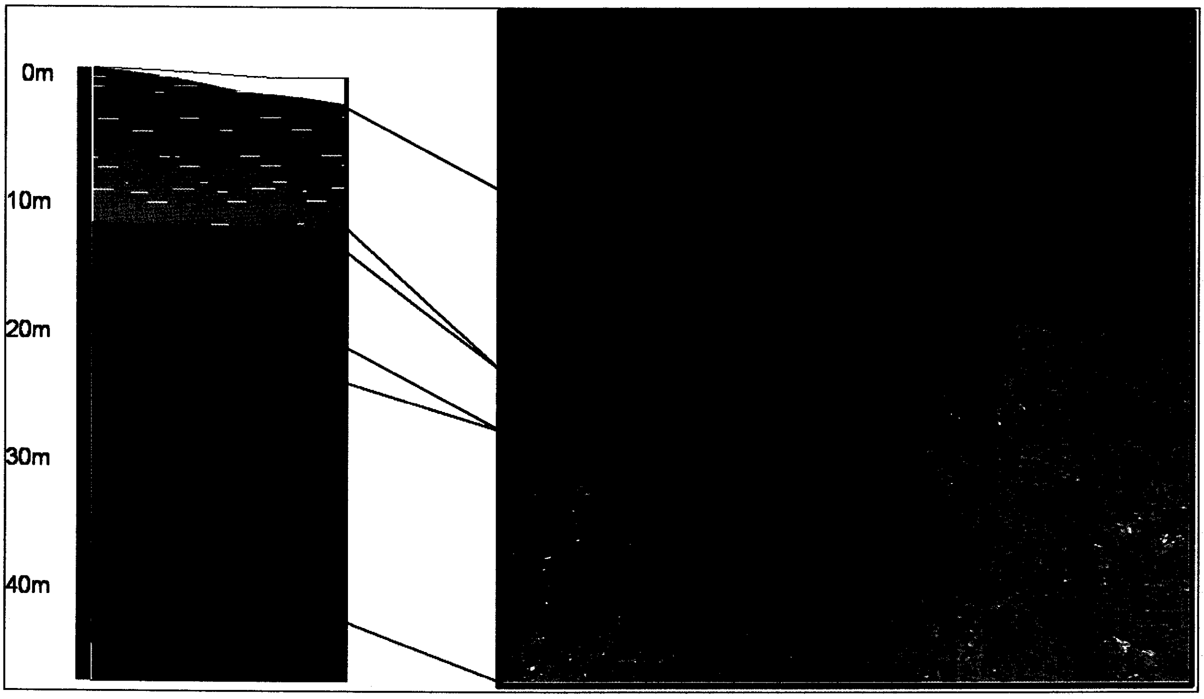

Figure 5-2: Typical profile through the Murrin Murrin weathering profile.

Source: Minara Resources PowerPoint presentation, Mining Overview Murrin Murrin Operations.

6 Mineral Resources and Ore Reserves

Minara reported the latest Mineral Resources and Ore Reserves in the 2010 Annual Report to Shareholders, at a reporting date of 31 December 2010. These are reproduced in Table 6-1 and Table 6-2, together with the relevant qualifying statements provided in the 2010 Annual Report. No upgrade of the Resources is available for this valuation, and so the valuation is based on the 31 December resource numbers.

Table 6-1: Murrin Murrin Mineral Resources 31 December 2010

Resource Category	Tonnage (Mt)	Ni Grade %	Co Grade %	Cut-off Grade Ni
Measured	114	1.03	0.076	0.8%
Indicated	106	0.99	0.076	0.8%
Inferred	10	0.94	0.058	0.8%
Scats	1	1.01	0.073	
Stockpiles (Measured)	37	1.02	0.068	
Total	**268**	**1.01**	**0.074**	

Table 6-2: Murrin Murrin Ore Reserves 31 December 2010

Resource Category	Tonnage (Mt)	Ni Grade %	Co Grade %
Proven	93	1.06	0.082
Probable	65	1.04	0.079
Scats	1	1.01	0.073
Stockpiles	37	1.02	0.068
Total	**196**	**1.05**	**0.078**

Resources

Murrin Murrin's Resources are based on a cut-off grade of 0.8% nickel and depletion of the geological block models using end of period surface surveys. The Resource classification is based on drill spacing, with the Measured category less than or equal to 50 m x 50 m, the Indicated category less than or equal to 100 m x 100 m and the Inferred category greater than 100 m x 100 m. The changes in Resource position are due to a combination of depletion of material from mining and processing activities and the updating of Resources with new Resource models. There is a significant increase in the Measured Resource from last year with a corresponding decrease in Indicated Resource due to the upgrading of the Resource with newer resource in-fill drilling that better defines the Resource and continued revision of modelling technique and parameters. Further change is related to normal mining activities and increased stockpile volumes.

Reserves

Murrin Murrin's Reserves are based on optimisations using long-term assumptions of US$16,000 per tonne nickel, US$10.00 per pound cobalt and an exchange rate of US$0.70/A$. The 2010 Reserve optimisations consider the presence of project-to-date backfill, in-pit tailings deposition, public infrastructure and sites of cultural significance. During the preparation of the 2010 Reserve estimate it became apparent that a miscalculation had resulted in an overstatement of 15 Mt in the 2009 Reserve estimate. This overstatement has been corrected in the 2010 Reserve. Additionally, the 2010 Reserve is net of all mining, milling and stockpiling activities completed during the period. As a result of the above there has been a net reduction in the reserve position from 2009.

The Measured and Indicated Mineral Resources include those Mineral Resources modified to produce the Ore Reserves. The process of deriving Ore Reserves uses the economic value of the ore blocks as the basis for inclusion in the Reserve, and is in accordance with the Australasian Code for the Reporting of Identified Mineral Resources and Ore Reserves (JORC, 2004). The economic value is based on metal grades and projected values, processing and associated operating costs. The above Resources and Reserves have been prepared in accordance with JORC requirements for public reporting.

Competent Persons Statement

The information in this report relating to Exploration Results is based on information compiled by Mr David Selfe, the information relating to Mineral Resources is based on information compiled by Mr Stephen King and Mr David Selfe, the information relating to Ore Reserves is based on information compiled by Mr Brett Fowler and the information relating to Metallurgical Results is based on information compiled by Mr John O'Callaghan.

Mr Selfe, Mr King, Mr Fowler and Mr O'Callaghan are all Members of the Australasian Institute of Mining and Metallurgy and at the time of compiling the information for inclusion in this report are all full-time employees of Minara Resources Ltd. Mr Selfe, Mr King, Mr Fowler and Mr O'Callaghan all have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking in order 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' and all consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

6.1 Resources

The processes leading to the Resource estimates are well documented and are generally of a high standard. They will be briefly summarised here and potential risks to the resource will be mentioned.

6.1.1 Data acquisition:

Drilling, Sampling and Logging

Drilling is outsourced to a contractor and is performed by Reverse Circulation or modified Air Core methods. About a quarter of the holes are for exploration or resource definition (large scale), three quarters for Grade Control (short scale). Well over 100,000 holes have been drilled at Murrin Murrin.

Holes are vertical and average around 40 m in depth. Resource drillhole spacing varies from 100 m x 200 m to 25 m x 25 m. Grade Control drilling is on a 12.5 m x 12.5 m staggered grid. The drillholes are sampled via cyclone and cone splitters at 1 m intervals. Resource holes logging emphasises lithology, hardness, impurities content, while grade control logging aims at validating lithology boundaries.

Risks

The biggest risk involved is linked to the representativity of samples, due to the stickiness of the mineralised smectite clays, which can cause sample recovery problems at the rig. This issue is known to MMJV and the sampling devices are carefully monitored and cleaned after each drill rod (i.e. every 6 m).

Sample analysis and QA/QC

Analyses are performed by an internal onsite MMJV laboratory (20-25% of the samples) and an external commercial laboratory (75-80% of the samples). Samples are sorted, dried and pulverised using a ring mill. They are analysed for a suite of 13 elements by X-ray fluorescence spectrometry.

Sampling and assaying performances are monitored through quality control samples, submitted at a rate of 1 in 10 (globally, considering all types of check samples), which include:

- Standards from blended MMJV ore of varying grades (0.4% - 2.5%) prepared and certified by an external party.
- Blanks sourced from ferruginous waste at Murrin Murrin.
- Field duplicates off the sampling device.

Quarterly and yearly QA/QC reports are generated. They also contain results of inter-laboratory checks, Genalysis being the umpire laboratory.

Although there has been steady progress in the quality of sampling and assaying over time, as reflected in the QA/QC results, the internal MMJV laboratory still lags the external laboratory in terms of accuracy and precision. In particular, Co and impurities (Mg, Fe) appear subject to significant biases. Although the MMJV laboratory treats much less samples than external laboratory, this requires strict monitoring and correction as it impacts directly on the resource grade. This bias represents a low level risk to the correct grade interpretation, and hence the nickel recovery.

Bulk density

Density determinations were performed in 1996 and 1998 during trial pit mining, using sand replacement methods and also with nuclear densitometer. The various densities obtained by lithology and domains are still in use.

Risks

There is a need for updating densities on a regular basis, but this is not considered as a high risk.

6.1.2 Resource Estimation

MMJV's geological modelling and resource estimation process is quite thorough and well documented.

Domaining is based on a combination of lithology and geochemistry, the reasonable assumption being that similar lithologies can be identified by consistency in chemistry. This allows the use of statistical classification techniques to simplify the domaining.

Resource and grade control models are made fully compatible, the grade control model using a basic block size of 6 m x 6 m x 2 m, and the resource model working with 48 m x 48 m x 2 m or 24 m x 24 m x 2 m parent cells.

There is no compositing, as most of the samples are 1 m long.

Grade modelling depends on the type of model:

- Resource models: Ni, Co, Mg, Al and Fe are estimated independently per domain by Multiple Indicator Kriging with up to 14 indicators used. Non-mineralised domains used Median Indicator Kriging.
- Grade control model: Grade is estimated by Conditional Simulation, using the MP3 software developed by Hellman & Schofield. The optimisation criterion is the Net Value per tonne, and this is used to define the ore outlines.

The classification of the resources is essentially linked to the drill spacing:

- Measured Resources: 50 m x 50 m or less spacing
- Indicated Resources: between 50 m x 50 m and 100 m x 100 m
- Inferred Resources: over 100 m x 100 m

Risks

The methodology used for the resources is of high quality, but is very complex and could probably be simplified without negative consequences on the results. Long-term mine-to-mill reconciliation figures suggest that globally the resources overestimate the Ni grade by 5% and the Co grade by 7%. This overestimation is due to several factors, not only the estimation process, but mining dilution and ore losses also have an impact on reconciliation.

Currently the mill feed (about 1.3% Ni) is derived from ore material at a relatively high cut-off and represents the top 10-15% of the grade distribution. This is clearly an estimation risk, because the tail of a distribution is always more prone to uncertainties.

It must also be pointed out that over time the Ni grade will drop, as the high-grade ore will be progressively exhausted. This trend will increase the impact of the "distribution tail" risk with time.

6.1.3 Conclusions

The resource estimation method is sound, if probably too complex. The major risks are not associated to the estimation process but more to the data collection (in particular sampling representativity and assay biases), and they are manageable. As a consequence, the Resources stated by Minara appear technically well supported.

With the projected annual throughput of about 3.3 Mtpa, there is no foreseeable resource availability issue for the current LOM, taking into account a conversion rate of Measured Resources to Proven Reserves of about 81%.

7 Review of valuation inputs

7.1 Mining

The working area is shown in Figure 3-1. The three principal mining areas are:

- **Murrin Murrin North** (shown as Murrin Murrin on Figure 3-1 where the processing plant is located
- **Murrin Murrin South** 20 km south of the plant
- **Murrin Murrin East** some 45 km SE of the plant

A further area of importance is the source of **calcrete** for the processing plant, some 40 km NE of the plant.

The majority of the resources have been drilled and so the total resource is unlikely to increase significantly, although there is potential for additions to Resources and Reserves through near mine drilling, which is currently being carried out. All current resources are considered for scheduling in the MMJV LOM.

7.2 Mining Method

Mining is carried out in 2 m flitches by 190 tonne class excavators loading 140 tonne class dump trucks. Parts of the deposit are blasted depending on rock type and structure.

The pits are generally about 50 m deep. The bottom 10 m is often below the water table, but slope stability is unaffected. Pumping to the pit rim is sometimes necessary. Trafficability is affected by pit inflows, resulting in productivity losses. Normally, therefore, trenches are cut into the periphery of new drop cuts, and water appearing in these is pumped until the inflow is drained. The new flitch is then opened and drainage trenches are cut and maintained for as long as necessary. Excavator and truck productivity is therefore maintained, but at the cost of delays in opening new flitches.

In spite of the large equipment sizes, the mining is highly selective. Firstly any pit to be worked is drilled on 12.5 x 12.5 m centres in advance of any working. A more accurate block model is then made using conditional simulation to predict grades. Other value parameters (e.g. acid consumption) are computed, based on grades. Block value is contoured and from this, selectable mining parcels are identified. The top part of the deposit comprising indurated waste is mass blasted and the waste removed. Then each complete 2 m thick flitch is marked out to identify selectable ore parcels. After selective mining of the whole flitch, the process is repeated for every subsequent flitch. Any areas needing blasting are pre-blasted in 8 m lifts before continuing the selective mining. The excavators are fitted with laser plane equipment which facilities mining to the required flitch floors. The Excavator drivers despatch loaded trucks by a system which instructs the driver which material class has been loaded. The despatch system then tracks the truck to ensure that the load is discharged at the correct destination. The load is weighed by on-board scales and the system thus captures a record of output and delivery. This ensures that the selective mining policy is being carried out.

The material is separated into five classes, based on its perceived value per tonne. Four of the five classes are considered to be of value under the current technical and economic conditions. The fifth class is waste, considered to have negligible value even in the far future. Where possible, waste is now backfilled into worked out pits rather than stacked on surface dumps. The backfilled pits can be surcharged by waste piles if necessary.

The other "low grade" classes are stacked on to low grade stockpiles. These are built on prepared bases on natural surface, to facilitate accurate reclaiming. They are built as 50 m wide "fingers" some 6 m high. In future years the lower grade stockpiles will be progressively reclaimed. Completed piles can be reclaimed by working slices from the sides of the finger stockpiles to try and achieve a steady average grade reclaimed.

Currently, only the highest value class is fed to the process plant. The ore is excavated and hauled to the main plant-side ROM stockpile directly where possible. Where the hauls are over 10 km, the ore will be trucked to a satellite ROM stockpile and then reloaded by wheel loader to contractor's road train and dumped at the main plant ROM pile.

Rehabilitation of waste dumps and old stockpile areas is allowed for throughout, and is already in progress. In some cases the "disturbance bond" has already been returned.

7.3 Mine Planning

SRK's review of the valuation of the mine concentrated on the long term mine planning process, which is in effect the heart of the operation's business plan. SRK concluded that this plan is probably "best practice" in attempting to try and predict everything possible about the performance of the plant when fed with the resources, and in trying to maximise project NPV by treating the resources in an optimal sequence.

However the long term plan is not suitable for predicting and quality-controlling the local production of materials on an hour to hour basis. Therefore Minara has set up a short term planning/grade control system to carry out this vital function, as previously mentioned.

7.3.1 Long term Planning and Scheduling

Ore can be sourced from any of some 250 discrete pits plus many low grade stockpiles which theoretically could be mined in any order. Minara's policy is to maximise Project NPV by selectively mining the deposits in order of declining value of each schedulable unit. This, however, has to be modified occasionally to achieve practical and safe mining.

The MineSight package is used by the Long Term Engineering (LTE) team at Murrin Murrin. The first step is to import the resource block model and validate it. It then becomes an LTE resource model.

While it is convenient for Geology to develop resources in limited areas, it is necessary for LTE to have fewer units when developing long term plans. Over 200 resource models are combined into (currently) eighteen LTE Supermodels.

As expedient, the LTE Supermodels are updated, at which time any new (or newly amended) resource models are added. New grade control models containing better information, and new depletions of existing grade control models will also be added. Other information, such as backfilling of a void with waste, or backfilling with plant tailings, is also added to amend the Supermodel. Where there is new information on highways, gas lines or ethnographic sites, this is also added to the Supermodel.

In the LTE Supermodel, some extra fields are added to those from the resource models. These are:

- "HARD" which is a numeric index calculated from grade and lithotype data. It indicates whether blasting will be necessary, and predicts powder factor.
- "IRREC" a numeric index indicating whether a block is:
  - Mineable rock
  - Mineable backfill (waste, with a grade)

- Tailings (considered for ever un-mineable)
- Air
- Bedrock
- Highway or Gas line
- Inside or outside the tenement boundaries
- Ethnographic site

"HAUL" gives the cost of haulage from the resource model's likely ROM pad, to the central plant ROM pad. Haulages over 10 km are undertaken by a contractor using road trains. Haulages under 10 km may be undertaken by mine owner's dump trucks. Costs per tonne km are known and are used in an algorithm assessing which method will be used.

7.3.2 Optimisation

The updated supermodels are then optimised using the Whittle optimiser. Up to now the Whittle optimiser cannot optimise the whole project, but only one supermodel at a time.

As is normal, the optimisation is controlled by a block value, the "Net Value". This value is determined by a large number of factors for each block, each of which has a field in the model (Table 7-1).

Table 7-1: Block model intrinsic properties

Irrec	Al_2O_3	Reserve Class	Co	Fe
Hard	MgO	Haul	Cu	SiO_2
Ni	Cl	Modified Bulk Density	Lithotype	

The current practice and operating performance records generate a number of physical variables which are dependent on conditions, usually over the last year of operations. These are shown in Table 7-2).

Table 7-2: Physical variables used in block modelling

Calcrete grade	Free acid level required in PAL
Milling circuit tonnes recovery (0.899)	Beneficiation of Ni grade (+0.0177%Ni)
Beneficiation of Co grade (+0.0177%Ni)	Beneficiation of MgO grade (+0.0177%Ni)
Beneficiation of Al_2O_3 grade +0.0177%Ni	Beneficiation of Fe_2O_3 grade +0.0177%Ni
PAL density	Particle density
Moisture factor	PAL volume throughput
Refinery rate	Acid consumption is calculated
Combined Ni recovery through PAL, and refinery is calculated	Combined Co recovery through PAL, and refinery is calculated

Cost Inputs to Optimiser

The costs input to the optimiser are based on the best information available at the time, usually taken from the operation's cost reports over the previous two years. The first five items of Table 7-3 are extracted by the mining department. The remainder are supplied to the mine planning department by the processing department.

Table 7-3: Mining and other costs optimised

Mining basic cost per tonne	Blasting cost per tonne	Ore selective mining cost per tonne
Haulage cost per tonne km using road train	Haulage cost per tonne km using dump truck	Acid Price
Calcrete cost	Milling cost	PAL variable cost
Refinery cost	PAL Fixed cost	

Revenue Inputs to optimiser

Ni price	Co price
Ammonium sulphate price	

Pit Slope inputs to Optimiser

40° is used throughout for pit slopes.

7.3.3 Optimiser Outputs

The preliminary result of the Whittle calculation is a value for every block (Net Value) but this is calculated "on the fly" in every Whittle run and is not captured (it is however captured in MineSight and is of great value in subsequent work). The Net Value and geometric position of the block with respect to all others decides whether it will be mined or not, and its output category if it is mined. Output is either "ore" or "waste". "Ore" is any of the top four value classes mentioned previously. "Waste" is the fifth class.

A set of pit shells is produced. The largest shell is usually RF 1.0 which produces the maximum possible cash surplus. A pit shell list details tonnages of ore and waste that must be mined to reach each shell. The pit shells can be displayed with the original supermodel, which allows better visualisation.

After inspection of the shells, they are divided into separately mineable pits, based on local mining practicalities and net value. Generally, it has been decided to base the long term schedule and valuation on the RF 0.85 shells. The peripheral volume between RF 0.85 and RF 1.0 shells can be scheduled as a pushback, or can be abandoned and removed from reserves.

The selected pits to be scheduled are numbered and assigned to the Supermodel in MineSight. MineSight will then group the blocks in each shell by pit, by bench and by material value class. This grouped information is exported to the Minemax scheduler. For the unmined pits, the lowest schedulable unit is one 2 m thick flitch. That is the values of all blocks of similar value class in the flitch are combined to give one value. Thus there are only a maximum of five records per bench in each pit. For the low grade stockpiles, every stockpile has one record, one value per tonne, and any quantity could be mined from it by the scheduler.

7.4 Long Term Scheduler

The scheduler has to mine all of a bench before any of the benches below are mined. The scheduler (working on one year increments) does not have to be constrained to limit either production per pit or vertical advance. It can stop mining a pit at an intermediate bench, and resume mining later in the sequence.

Many LOM scenarios have been run, with the result that the mine is currently mining about 20 Mtpa of material of which only 3.2 Mt is being fed to the processing plant via a ROM stockpile. Currently there is little reclaiming of lower grade material to the ROM. Results from preliminary scheduler runs were influential in the selection of the 0.85 Whittle shell as the mine's preferred option.

7.5 Mining Costs

The long term mining costs were drawn from the 2010 actual costs. They have been collected and calculated as unit costs on a cost per dry tonne basis. All tonnage calculations in the resource estimate and for long term planning are on a dry tonne basis.

Unit costs are shown in Table 7-4.

Table 7-4: Unit mining costs

Category	$A/ dmt
Free Dig waste	2.42
Free dig selective mined	3.35
Blasted Waste	3.40
Blasted selective mined	3.23

7.5.1 Accuracy of Current Budget

2009, 2010 and annualised 2011 actual and budget costs are shown in Table 7-5.

Table 7-5: Current and previous 2 years of budget

KPI	2009 YTD Budget	2009 YTD Actual	2009 % of Budget	2010 YTD Budget	2010 YTD Actual	2010 % of Budget	2011 YTD Budget	2011 YTD Actual	2011 % of Budget
Ex-pit Budget (BCM)	8,731,665	8,590,984	98%	13,084,338	12,089,779	92%	12,590,981	12,183,254	97%
Mill Feed Ni %	1.28	1.29	100%	1.21	1.19	98%	1.20	1.20	100%
Mill Feed Co %	0.101	0.087	86%	0.090	0.090	95%	0.086	0.084	97%
Ore to Rom t(dry)	2,668,884	2,263,811	85%	3,096,166	3,007,636	97%	1,955,894	1,616,104	83%
Cost Opex and Maint $AM	58.85	57.65	98%	76.60	65.56	86%	84.22	77.11	92%
Unit Cost ($/BCM)	6.74	6.71	100%	5.85	5.42	93%	6.69	6.33	95%
Cost ($/t) HG Ore to ROM	22.05	25.47	115%	25.4	23.34	92%	25.08	24.89	99%

The cost budgeting appears as accurate as most mines can achieve, and at least from a mining standpoint, appears reasonable.

7.5.2 Transport to main ROM Stockpile

When material is moved from a pit to the main plant – site ROM pad for plant feed, the scheduler adds a cost for transport based on the pit's location. Longer hauls, over 10 km will always be by road train, and a current contractor price per dmt per km is used. Minara prefers to carry out shorter hauls itself, and uses a figure reflecting a direct pit-main ROM haul. Waste and low grade stockpile costs are carried within the mining costs mentioned above.

These basic rates are used to compute block value for every block in the "supermodels" prepared for long term scheduling. Numerous other variables are also considered, mainly related to plant performance and cost. The valuation model is therefore based with considerable accuracy on the actual expected cost outcomes on the actual material to be fed to the plant. Thus the accuracy of the current budgeting is critical to the success of the valuation.

7.5.3 Waste movements from 2015

Because pit shells are used in the MineMax scheduler for long term LOM planning, SRK has added a factor to the waste movement estimates in the LOM (starting in 2015 for the period when there are no detailed pit designs available from the medium term plan), which allows for the increased waste movement that may be needed to incorporate the pit designs into the LOM, when these become available. This causes a small increase in total mining costs from the base model supplied.

This factor was added to mining movements from 2015 onwards by a 10% increase in waste movement. Following discussion and analysis with Minara, the cost of the waste movement was also altered to reflect current practice with reduced blasting, from $3.40 per tonne to $3.20 per tonne.

7.5.4 Conclusion

The methods used to convert Resources to Reserves are generally acceptable. SRK would prefer to be a little more conservative, and limit reserves to the tonnes of ore scheduled to be fed to the plant within the valuation period. Some of the lowest value material currently in reserves may not be physically recoverable. The current economic significance of this is small, and in SRK's opinion does not require adjustment.

SRK sees no major risks with delivering appropriate tonnes to the plant ROM pad from the stated Reserves over the LOM. The total fleet movement fluctuates slowly, and Minara will need to alter their fleet to optimize costs in response to this fluctuation.

7.6 Processing

7.6.1 Process Operating Costs

Processing costs are dominated by reagents, primarily the sulphur used to produce sulphuric acid for the leach.

Sulphuric acid alone represents just under half of the plant processing cost. About 88% is used in pressure acid leach, 12% in heap leach, and minor amounts in the refinery. The pressure acid leach consumption can be accurately forecast using the Sherritt formula, which takes into account all the acid soluble metals in the ore. Heap leach acid consumption is not as exact, but is not likely to change much over time.

The top 5 costs listed in the table below make up over 80% of the total process cost:

		Forecast (LOM average)	Actual (2009/10)	SRK recommendation
Acid	kg/t AC feed	varies	327.2	No change
	t/t HL feed	~350	401.5	400
Power	GWh/year	299.6	287.5	No change
Calcrete	kg/t AC feed	198	200	No change
H2S	t/t mixed sulphide	0.58	0.53	No change
Ammonia	t/t Ni reduced	0.91	0.92	No change

Power is produced by steam turbines, powered by acid plant steam (from sulphur burning), and by gas turbines, using natural gas. The unit power cost is derived from the cost of gas but not sulphur, which is allocated to the acid cost. Power consumption is fairly consistent over time. The forecast rate of approximately 300GWh/year is in line with historical consumption.

Consumption rates for all major reagents can be forecast to a good degree of accuracy. Calcrete, hydrogen sulphide and ammonia are forecast to continue at established rates. The only recommended change to the forecast is to bring the heap leach acid consumption rate into line with established operating practice.

Supply prices present greater uncertainty to the valuation model than consumption rates. Calcrete is mined locally, while ammonia, sulphur and natural gas are supplied externally. Hydrogen sulphide is produced on site using hydrogen from the BOC plant. Assumptions on the major price components were discussed with Minara, and were considered reasonable by SRK. Sulphur price is controlled by short term contracts, as is natural gas. Contract terms are Commercial-in-Confidence. Future planning and price predictions have been reviewed by SRK and are discussed further in the section on valuation sensitivity.

The other major cost is maintenance, which accounts for roughly 25% of total operating cost. The past three years have been over budget by 5%, 25%, and 10%, suggesting maintenance costs are difficult to predict with accuracy. The ongoing forecast is similar to recent years (Figure 7-1).

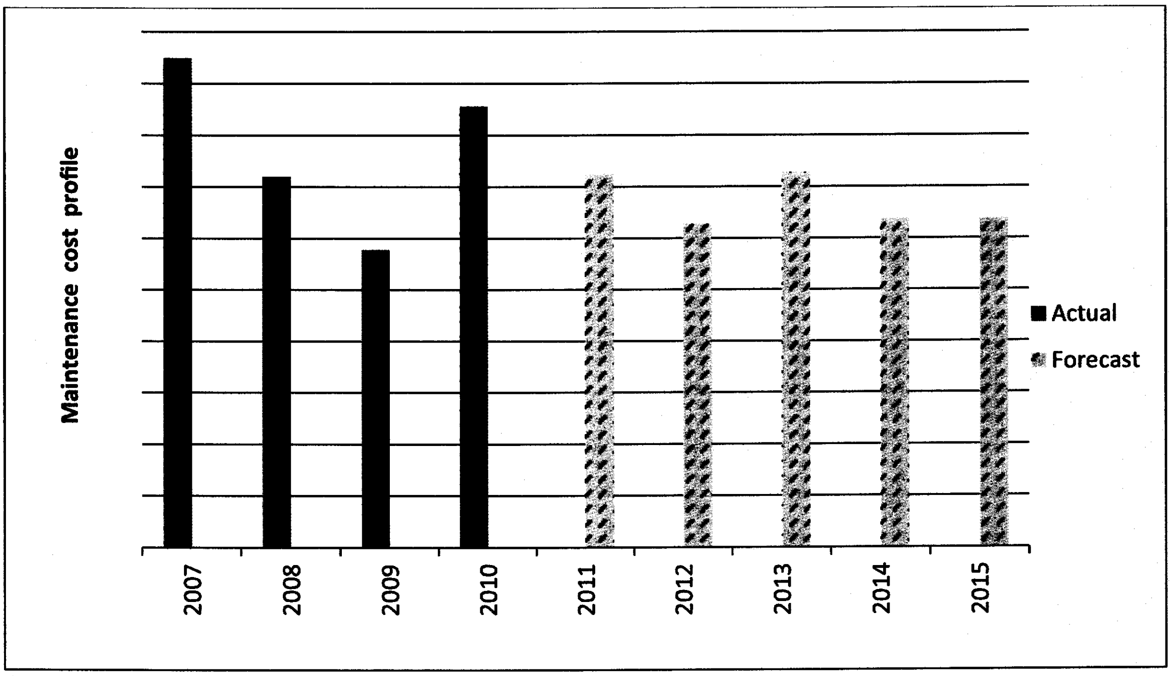

Figure 7-1: Maintenance cost profile from 2007 and forecast cost profile 2001 - 2015

A new program of maintenance planning has been implemented, and this is expected to deliver improvements in maintenance cost controls in the future.

Maintenance costs are interrelated with sustaining capital, and the distinction is not always clear-cut. Minara's capital spending records do not clearly show historical sustaining capital so it is difficult to make a comparison. The forecast is a constant $30 million per year, but this is subject to wide annual variations.

In conclusion:

- Opportunities for reagent and power savings are limited.
- The risk of reagent consumptions exceeding the forecast is fairly low.
- Price swings have far more influence on the valuation than variations in consumption.

- Maintenance cost and sustaining capital are difficult to predict with accuracy. Annual variations could be 25% or more, depending on the successful implementation of new programmed maintenance measures.

7.6.2 Plant throughput

Ore throughput is primarily driven by the pressure leach autoclaves (area 3200). Feed rates are projected to reach 3.3 Mtpa from 2014.

The plant can already run in excess of this rate on a monthly basis, but unforseen events such as floods and mechanical failures have prevented sustained high rates. The highest 12 month throughput on record is 3.04 Mt, for the period ending June 2007.

The leach throughput projections rely on several factors:

- Slurry density
- Pumping volume
- Availability
- Utilisation (i.e. upstream, downstream & reagent constraints)

Slurry density is forecast to be 42% from the mill circuit, which is roughly equivalent to the last 2 years average.

Pumping volume can generally be achieved by using the redundancy in the feed Geho pumps. Dual Gehos can in fact run at 290 m^3/h, compared with 270 m^3/h assumed in the LOM. However, this input is adjusted to account for upstream and downstream limitations.

Availability is a function of planned and unplanned downtime. The forecast availability is similar to that achieved in previous years (2006, 2007, 2009), but other years have seen much worse results (e.g. 62.7% in 2010). The circuit is still prone to unexpected major incidents.

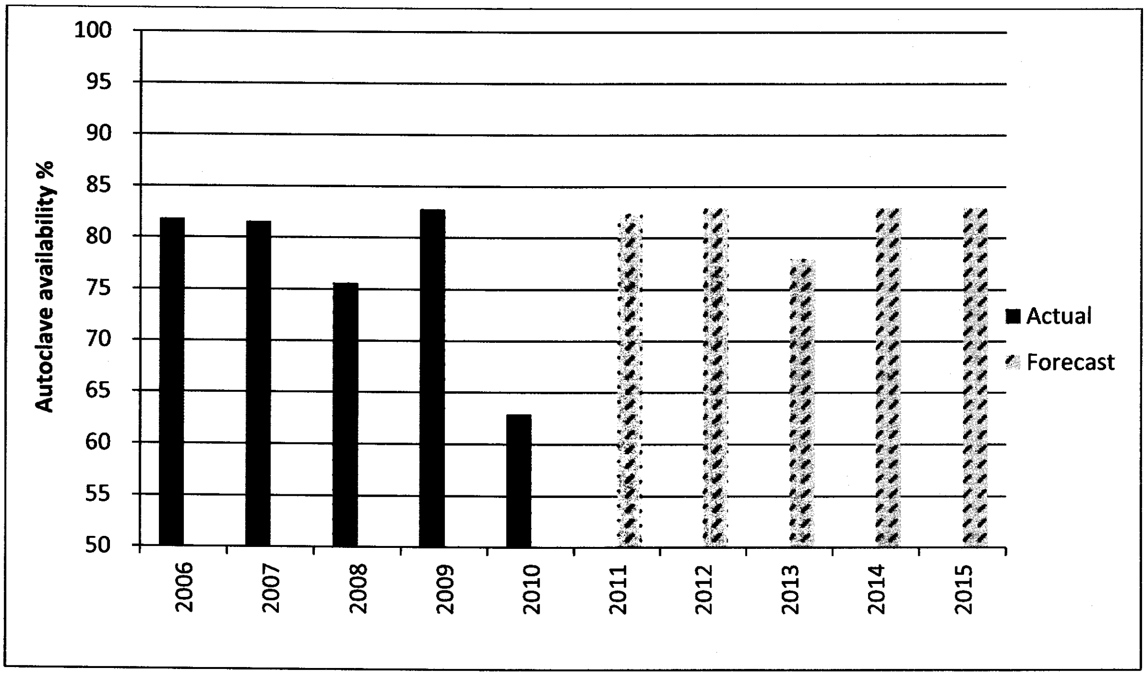

Figure 7-2: Historical and predicted autoclave availability

Leach utilisation has been poor over the past few years, and this represents the greatest opportunity for improvement. Reported utilisation probably understates the real situation; for example the leach feed may be slowed rather than stopped in response to upstream and downstream stoppages.

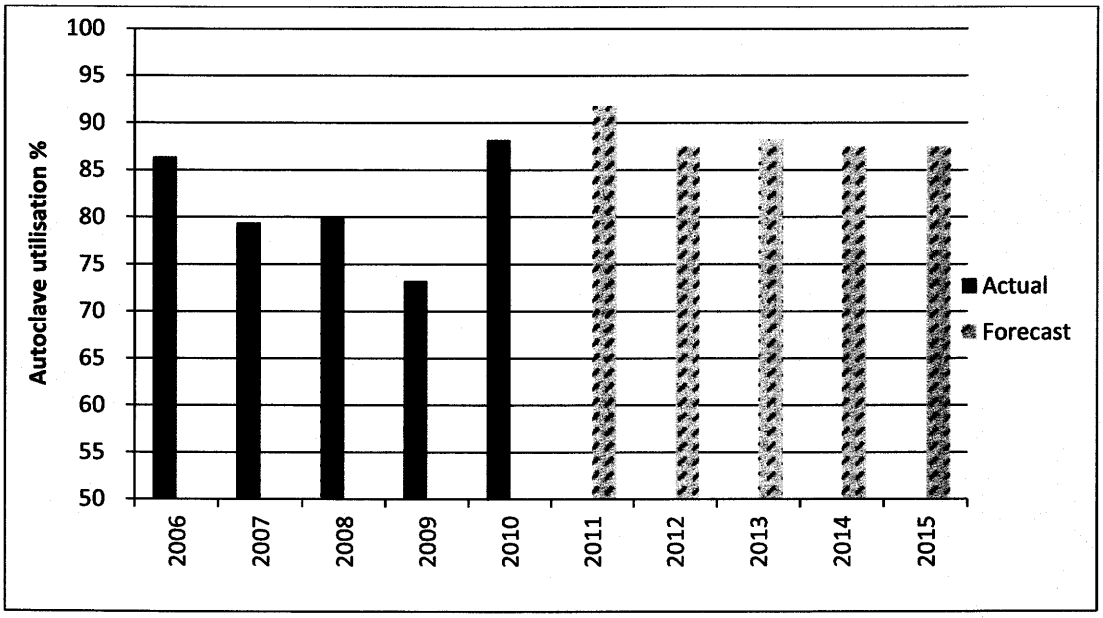

Figure 7-3: Historical and predicted autoclave utilisation

The HDS project in area 3400 was designed to increase the acid neutralisation capacity, thus removing a key downstream limitation on the autoclaves. The circuit is partially operating, but still constrained by thickener capacity and commissioning problems in the pinned bed clarifiers. It is no longer considered a throughput limitation, based on very recent operating results.

The feed preparation circuit (area 3100) has been substantially upgraded over the past few years, with the installation of a paste thickener and new screens. However, availability still falls short of achieving the 85% target. There is $50 million in the capital budget for improvements over the next 3 years to improve both throughput and availability in area 3100. This should have a positive impact on area 3200 by reducing the risk associated with utilisation and throughput targets. The improvement is not directly quantified in the LOM, and provides some potential upside in the current project.

Reagent supplies are a potential constraint. Hydrogen sulphide and sulphuric acid demand in particular will rise above previously sustained rates. However in both cases the forecasts are within the nameplate capacity, and are supported by detailed capacity studies.

In conclusion:

- Minara has been systematically removing throughput constraints upstream and downstream of the pressure leach autoclaves. Considered in isolation, each of the key throughput drivers is achievable, so the overall rates should also be achievable. In practice though, simultaneously sustaining all these factors is challenging.
- Downside risks:
  - Availability in the pressure leach and adjacent circuits is prone to unpredictable outage events.
  - The HDS circuit is yet to be fully commissioned and the long term outcomes are not established.
  - The next upgrade of feed preparation has not yet been engineered.

- Upside potential:
  - Leach utilisation could reach over 90% with mill, neutralisation, and acid plant improvements.
  - There is flexibility to operate at higher instantaneous rates than the forecast.
- 3.3 Mtpa is achievable based on current operating performance and improvements to the mill circuit. In reality, unforseen events are likely to affect this target from time to time (Figure 7-4).

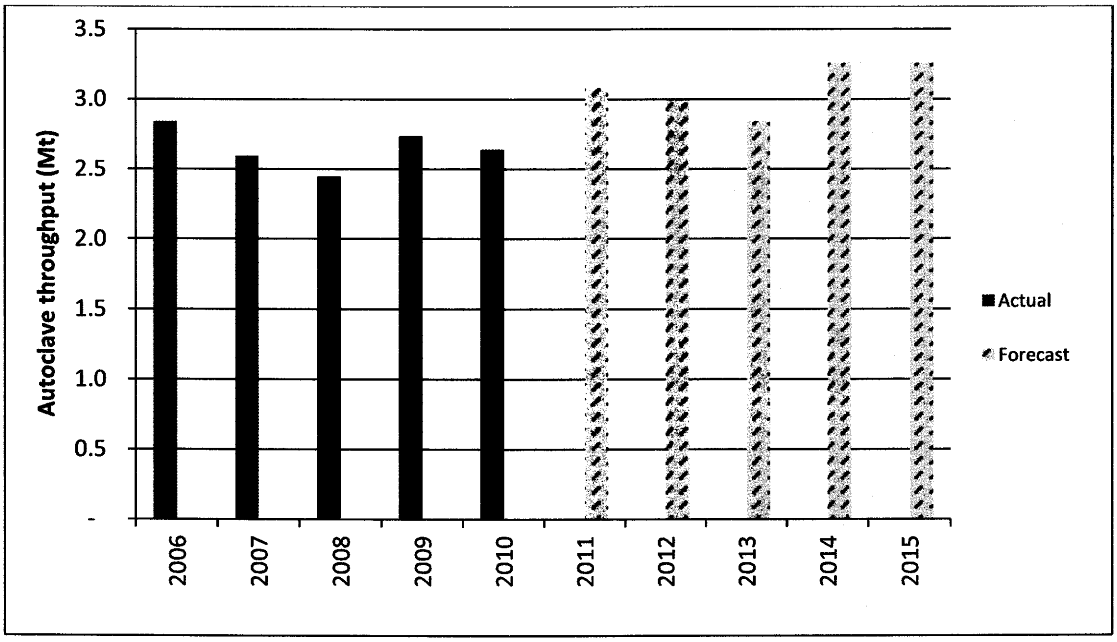

Figure 7-4: Historical and predicted plant throughput

7.6.3 Metallurgical recovery

Leach nickel extraction is forecast to remain steady at around 91%. With improvements in leach chemistry control, this is considered low risk. The higher throughputs rates still leave sufficient leach residence time.

CCD nickel recovery is forecast to be 97% (95.5% for cobalt). This is somewhat optimistic, and not supported by historical data. The HDS commissioning and thickener upgrade will make some improvement but probably not enough to reach this level. It is recommended to use 95% for nickel, 94% for cobalt, as a sustainable CCD recovery targets.

Recovery through sulphide precipitation is forecast to remain at 97%. This is a safe target and in line with historical operation.

Heap leach recovery is projected to be 60%, compared with 55.8% achieved over the life of project to date. It is recommended to use 56% for the valuation.

7.6.4 Tailings, heap leach and evaporation ponds

SRK inspected both the in-pit (8/4 -9/5 and the 2/3) and surface tailings facility (north and south cell), the evaporation ponds and the heap leach facility during a site visit on August 31, 2012. SRK also reviewed the 2010 tailings audit report, the design report for the in-pit facilities, various hydrogeology reports and various reports from the authorities (DEC). One issue was identified that will require additional capital expenditure, which has been added to the SRK base case valuation model. This is the need for increased evaporation surface area to reduce hydrogeologic mounding of the groundwater from the TSFs, and the increased surface area of catchment due to the start of in-pit tailings disposal.

SRK reviewed the costs that have been included in the cost model for the tailings, heap leach and evaporation ponds, resulting in the following recommendations:

- Capex provisions for in-pit tailings disposal and above ground tailings facilities – a total of $390M represents about $3.25/tonne. SRK agrees this is reasonable.
- A capex allowance of ~$650,000 per year for leach pad maintenance (stacking and removal of the leach material) represents about $2/tonne. This is considered reasonable
- There is no provision of capex for the evaporation ponds. SRK has estimated that the inclusion of the current pit disposal and the associated increased area, there needs to be at least one additional cell (based on average year climate/precipitation data). SRK estimates that about $2.5M will be required in 2012.

Opportunity

- Use the spent leach ore material to form the majority of the above ground tailings cell raises.

7.7 Rehabilitation and Closure costs

Mine rehabilitation and closure costs represent Minara's single largest environmental liability. Current Ministerial approvals for the Murrin Murrin project allow for disturbance of approximately 11,000 ha of land. (Only about 9,000 ha is explicitly described in the latest "Table of Key Characteristics", but it does not include areas for land disturbed by infrastructure (roads, pipelines, borefields), support facilities (accommodation village, maintenance areas, laydown areas) or ore processing facilities. The most recent report on mine disturbance and rehabilitation estimates the current disturbance footprint of the Murrin Murrin project at approximately 7,531 ha. To date, Minara has rehabilitated approximately 451 ha. The success of rehabilitation has been variable, but generally good, as indicated by recent inspection reports issued by the Department of Mines and Petroleum (DMP, April 2011). SRK has reviewed Minara's most recent closure cost spreadsheets (June 2011), as well as the rehabilitation cost estimates contained in the base case valuation model. Overall, we make the following conclusions:

1 The rates used by Minara in estimating closure costs are adequate, and in some cases higher that typical average rates for mine rehabilitation in remote areas of Australia. Based upon information obtained during interviews with Murrin Murrin site personnel, SRK understands that the costs used in the recent rehabilitation cost spreadsheet are based on historic costs from the Murrin Murrin operation. To date, Minara has generally used contract labour and equipment in carrying out mine rehabilitation.

2 A limited amount of information is available about what rehabilitation works are contemplated in each part of the operation. For example, remediation of possible soil contamination is not explicitly listed in the cost itemisation for the processing plant. Notwithstanding the lack of detail on the derivation of closure cost estimates, SRK considers that closure cost provisioning allowed for in the closure cost spreadsheet and valuation model are generally realistic. Assuming that the ultimate disturbance footprint of the Murrin Murrin operation is up to about 9,400 ha (allowing for further development of waste storage facilities, pits and /or tailings storage facilities), the approximate final closure liability would be in the order of $284.7 million (LOM).

3 Minara has allowed a 10% contingency amount in its closure cost estimate. This amount would generally be adequate to allow for post-closure maintenance and some re-work (for example re-seeding in the event that vegetation does not survive) in rehabilitated areas. The 5 year post-closure allocation for monitoring and reporting is not adequate. Minara should assume that at least 10 years of post-closure monitoring and report will be required. However, as the annual cost of post closure monitoring and report is not likely to exceed $1M, this shortfall is not material.

SRK recognises considerable uncertainty around the future closure costs. However, with the 40 year mine life modelled, the impact on current NPV is low, and costs need to be offset against one-off gains at the end of mine life (see section on Valuation Parameters).

8 Valuation

8.1 Murrin Murrin Operations

SRK was provided with a modified internal Minara DCF valuation model. In reaching its view on the value of the assets SRK reviewed the structure of this model, the validity of the input parameters and sensitivity of the model to critical input factors. SRK was provided with macroeconomic indicators by KPMG and replaced the parameters in the model supplied with the KPMG factors.

The valuation model supplied was a real terms valuation model, and for the purposes of this valuation, was converted to a nominal terms model using the inflation and price factors in the KPMG data (Table 8-1).

Table 8-1: KPMG macroeconomic data supplied

Discount rates (nominal, post tax)		**Base Case**					
Minara		*11.5%*					
Nickel price (nominal)		**2011**	**2012**	**2013**	**2014**	**2015**	**LT**
Base case	US$/lb	10.0	10.0	10.0	9.8	9.5	Note 1
Cobalt price (nominal)		**2011**	**2012**	**2013**	**2014**	**2015**	**LT**
Base case	US$/lb	16.5	16.1	15.8	15.5	15.2	Note 1
Foreign exchange forecasts		**2011**	**2012**	**2013**	**2014**	**2015**	**LT**
AUD:USD (nominal)		1.02	0.99	0.95	0.92	0.89	0.85
Inflation forecasts		**2011**	**2012**	**2013**	**2014**	**2015**	**LT**
Australia		n/a	3.0%	3.0%	2.5%	2.5%	2.5%
United States		n/a	2.0%	2.1%	2.3%	2.5%	2.5%

Note 1: The nickel price and the cobalt price is expected to grow at 2.5% per annum post 2015

8.1.1 Parameters

Parameter changes recommended in the review above were used in the SRK valuation model as follows:

- Rehabilitation costs. A model extending all input data to a LOM of 40 years was tested.
- Rehabilitation assigned annual costs were increased progressively towards the end of mine life to allow for progressive rehabilitation of larger areas over a longer time period.
- LOM Capital – SRK created a model that allowed testing the model sensitivity to increases in LOM sustaining capital requirements.
- SRK added $2.5M to the capital requirements for 2012 to allow for capital works on the evaporation ponds.
- Heap Leach operation. SRK created a model that allowed testing the model sensitivity to increases and decreases in heap leach recovery assumptions. SRK's base case used a 56% recovery, at historical levels.
- Overall plant and refinery recovery factors were also allowed to vary to examine sensitivity to these factors for both nickel and cobalt. SRK's base case uses historical recovery factors.
- Because pit shells are used in the scheduler for long term LOM planning, SRK has added a factor to the waste movement estimates in the LOM which allows for the increased waste movement that may be needed to incorporate the pit designs into the LOM when these become available. This results in a small increase in mining costs from the base model supplied.

- The supply balance between scats produced in the milling circuit and supply required for the heap leach will be negative after about 15 years. However, a number of alternative sources of heap leach material are available, such as medium and low grade ore stockpiles, that may provide additional heap leach feed. SRK has therefore continued to allow for heap leach feed over the 40 year mine life.
- Costs for closure and related plant demolition at the end of the mine life are expected to offset the residual value of parts and scrap metal.
- Similarly, nominal revenue from residual nickel in circuit at the end of the mine life is not considered material (after applying discount factors).

8.1.2 Results

The changes incorporated into the model provided for a full 40-year mine life for the operation, with small low grade resources available for only 5 years after 40 years.

The major findings of the analysis are shown in Table 8-2.

Table 8-2: Minara 60% share of MMJV valuation

Summary revenue, expenditure items and tax line items (nominal terms)	$ M
Total Gross Revenue	29,345
Total Net Revenue	27,604
Total Operating Costs	21,809
Stock Movement	179
Total Production Costs	21,988
Total P&L Expenses	22,720
Gross Operating EBITDA	4,883
Rehabilitation Cash Provision	371
Capital Expenditure	1,276
Movements - Assets And Liabilities	14
Total Cash Expenditure	24,174
Cash Flow after indirect expenses	3,430
Tax Expenses (KPMG)	885
Cash Flow After Tax	2,545
Cumulative Discounted Cash Flow	642
Number of Years to Maximum Cumulative Discounted Cash Flow (Incl. 2011)	40

Cash costs derived from the analysis are summarised in Table 8-3. C1 cash costs are determined after allowing for Cobalt and Amsul credits, as is industry standard.

Table 8-3: Summary C1 cash costs from the SRK base case in real terms

Period	C1 Cash Cost US$/lb
Life of Mine	6.58 US$/lb
2nd Half Year 2011	6.82 US$/lb
2012	6.33 US$/lb
2013	6.60 US$/lb
2014	6.54 US$/lb
2015	6.15 US$/lb

8.1.3 Sensitivity

SRK identified a number of key sensitivity factors in reviewing the operation. The sensitivity is based on the DCF component of Minara's 60% share of the MMJV.

Mining tonnes (waste)

This factor was added to mining movements from 2015 onwards by a 10% increase in waste movement, to account for the use of pit shells and not pit designs in the scheduling. The effect on NPV is shown in Figure 8-1.

Heap Leach

The heap leach sensitivity is primarily to recovery and acid consumption. The HL acid consumption may increase to up to 400 kg/t stacked on leach pad. The recovery is also a critical factor, and recovery up to 60% may be achievable. The recovery is modelled in Figure 8-1. The heap leach acid consumption made very little difference to total NPV.

CCD Area 3300 Recovery

Minara has indicated CCD recovery can be up to 97%, as opposed to the SRK preferred recovery of 95% and cobalt up to 95.5% as opposed to the SRK base case model used here of 94%. The effect on NPV is shown in Figure 8-1.

Autoclave throughput

The recovery of the autoclaves has been relatively consistent, but improvements can add to the returns on the project. SRK has discussed the previous performance of the plant with respect to unexpected shutdowns caused by equipment failures. To model the sensitivity of this, SRK has used a range from -5% to + 3% of the modelled value. The feed varies annually due to maintenance schedules of the various components of the plant.

Long term capital

The long term capital assumptions in the model are based on an estimated minimum annual capital requirement of $30M in 2011 dollar terms. Where specific items of capital are scheduled, the base level (sustaining capital) is reduced to reflect the higher capital expenditure. This method of treating capital requirements has the potential to increase the capital in the model during the first few years, because known low-value capital items planned in the first few years, and "unidentified capital" items are allowed for specifically, and accumulated with high value known capital projects. Accordingly SRK has reduced the total capital requirements in its base case model to reflect the long term method, and taken the potential higher requirements of "unidentified capital" into account by weighting the sensitivity to higher capital expenditure requirements (Figure 8-1).

Sulphur Pricing

Minara has applied supply contract numbers to the cost for sulphur in its EVM for the periods 2011 and 2012. Forward prices are supplied to Minara by subscription to external market research services, and these have been applied for the period 2013 to 2019, and the 2019 research figures are carried forward as long-term price assumption. SRK has reviewed the external market research which suggests that the long term price for sulphur has more potential for a continued reduction of the average price (oversupply) than for an increase in the average price.

Sensitivity to Macroeconomic assumptions

Figure 8-1 shows the effects of changes in the long term inflation assumption on the NPV. Note 2.5% is used in the current model.

Changes in the Ni price and foreign exchange parameters are modelled together, as it is common that these move simultaneously. The effect of this on NPV is shown in Table 8-4.

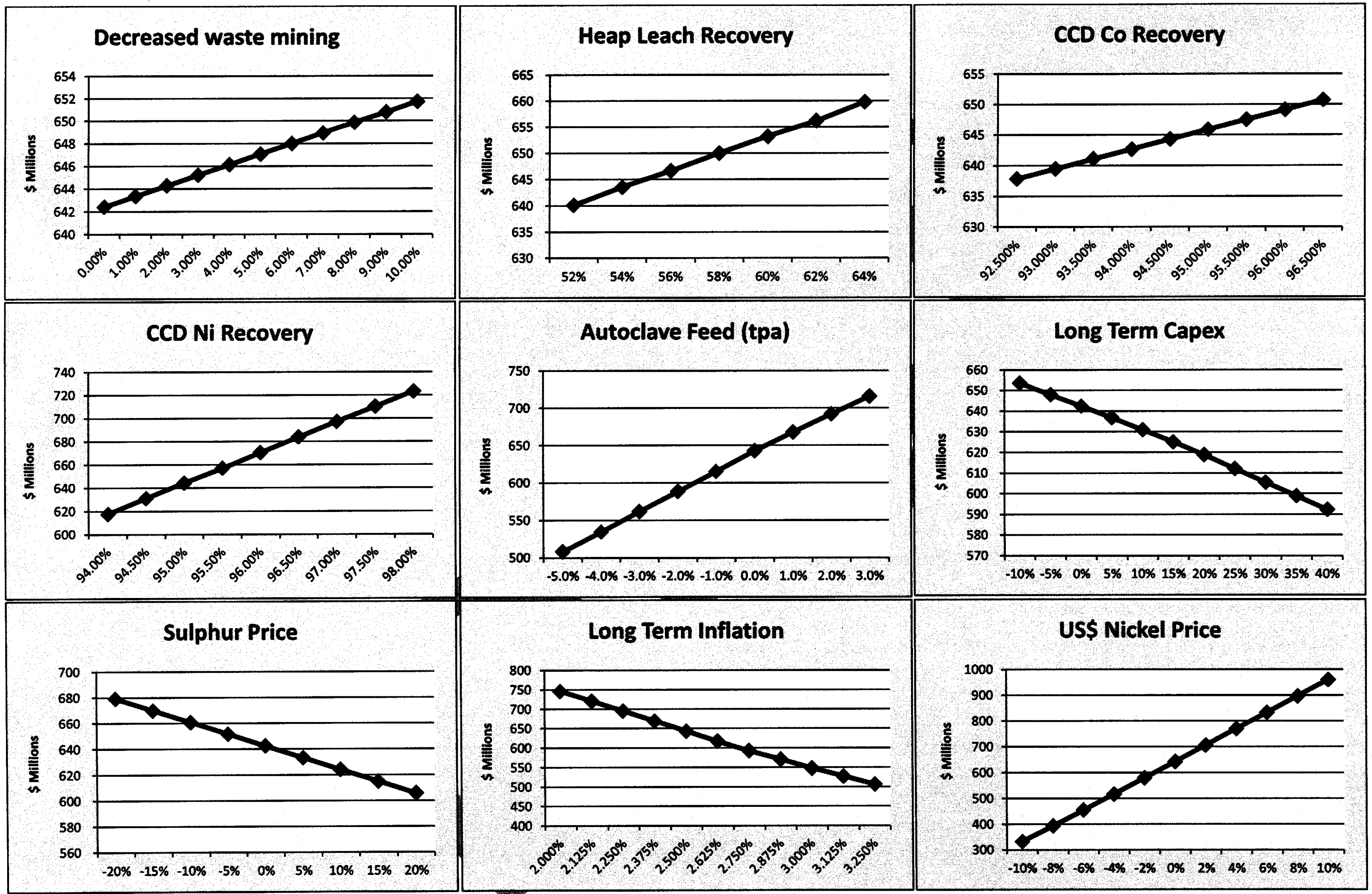

Figure 8-1: Sensitivity of NPV to input factors (DCF component of Minara's 60% share of the MMJV)

Table 8-4: Two-way sensitivity of the Minara share of NPV to nickel price and foreign exchange rate assumptions

A$:US$ Foreign Exchange	US$ Nickel Price Variation										
	-10%	-8%	-6%	-4%	-2%	[redacted]	2%	4%	6%	8%	10%
-10%	684	755	825	896	966	[redacted]	1107	1178	1248	1318	1389
-8%	606	675	744	813	882	[redacted]	1020	1089	1158	1227	1295
-6%	532	598	666	734	801	[redacted]	936	1004	1071	1139	1206
-4%	462	526	591	658	724	[redacted]	856	922	988	1054	1120
-2%	395	458	521	585	650	[redacted]	779	844	909	973	1038
0%	332	392	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	769	832	896	959
2%	271	331	390	450	511	[redacted]	634	697	759	821	883
4%	213	271	329	388	447	[redacted]	566	627	688	749	810
6%	158	214	271	328	385	[redacted]	502	561	620	680	740
8%	105	160	215	271	327	[redacted]	440	497	555	614	672
10%	51	107	162	216	271	[redacted]	381	437	493	550	607

Table values in $M, based on the DCF component of Minara's 60% share of the MMJV

8.1.4 Valuation Range

The sensitivity data was used to determine the range of the valuation from the base case. The sensitivity analysis shows there are five major contributors to uncertainty in the model, and that the uncertainty is not symmetrical about values used in the model. These asymmetries are shown in Table 8-5

Table 8-5: Sensitivity factors and asymmetry of increased and decreased NPV from the base case

Sensitivity	Additions	Subtractions
CCD Ni	8.22%	4.15%
CCD Cobalt	1.00%	0.25%
Autoclave Feed	3.89%	16.84%
HL Recovery	1.50%	0.48%
Capital ranges	0.86%	7.83%
Sulphur Price	5.69%	2.86%
Nickel Price	49.36%	19.60%
FOREX	61.44%	30.91%
Assumed total range	[redacted]	

The sensitivity ranges used to determine the asymmetry do not represent the total range of the valuation, because invariably there will be movements of the factors in different directions (for example foreign exchange and commodity prices are commonly antithetic and tend to normalise revenue).

For projects with a well-managed and well-defined project cost structure, the uncertainty is generally considered to be quite small in the initial periods, and measured by the discount rate for future years. However, for the Murrin Murrin operation, there is a strong sensitivity to foreign exchange, nickel price and autoclave feed rate in particular, and as discussed, there is project risk associated with these. SRK's base case has modelled the predicted autoclave feed and not accounted for unexpected outages, and has modelled a lower CCD recovery rate of 95% for Ni. Nickel price is historically highly variable, but the long term price used is relatively low and steady, not capturing good years of high nickel prices that have historically occurred. As a result, SRK has based the Minara valuation range on a ± 20% range, using the asymmetry determined from the sensitivity analysis to estimate the ranges from the base case.

8.1.5 Summary Valuation – Murrin Murrin DCF

The valuation range determined for the DCF component of Minara's 60% share of the MMJV is shown in Table 8-6.

Table 8-6 Valuation Range

Low end of range	Base Case	High end of range
$543.20M	$642.40M	$800.20M

8.2 Other assets

8.2.1 Methodology

Resources

Minara has exposure to a number of laterite deposits not currently forming part of the LOM. SRK has analysed recent transactions in properties which have identified nickel laterite resources, and used a value for these resources based on the total contained nickel in the deposits. Nickel laterite resources fall into two distinctive groups (1) those that have a profile that suggests a high likelihood of supporting an operation, and (2) exploration properties that that are currently distant from an existing operation or have relatively low grade profiles or high deleterious element profiles that are not amenable to treatment using current technology or nearby processing facilities. These are called "high-value" and "low-value" resources respectively for the purposes of this report.

The "low-value" transactions used are summarised in Table 8-7. The weighted average of these transactions is $1.53. Accordingly, SRK has used this as a basis for determining the value of the in-ground nickel laterite resources. A high is estimated as the median of the transaction values ($2.04) and the low as the low transaction value ($1.04), as the distribution is skewed.

The "high-value" transactions are summarised in Table 8-8. These are variable depending on the quality of the resources. The La Sampala project is a tropical wet laterite with a relatively high grade and potential for direct shipping. Similarly the Central Musgrave Wingellina deposit has had a feasibility study completed, and is distinguished from other operating nickel laterite deposits in Australia on the basis of the ore style being a limonite, more similar to tropical laterite, having an iron oxide content averaging 47% and magnesium content of less than 2% making it ideally suited to the HPAL process with high recoveries and low acid consumption rates (Metal X website, accessed 8 September 2011). The Gladstone (Queensland) transaction is comparable with the relevant Minara laterite resources. This was a take-over offer for Gladstone Pacific Nickel by QNI Resources. This was not successful, suggesting the offered price of $24/tonne of contained Ni was not adequate and below market price. If a further 30% premium was applied to this transaction, this would have resulted in an implied value of $31.60 per tonne of contained Ni.

Table 8-7: "Low-value" Ni-laterite exploration transactions - Australia

Name	Seller	Acquirer	%	Cost ($)	Date	Resources (t)	Grade (%)	Contained Ni (t)	$/Ni t (100% basis)
Larkin Find	Empire Resources Ltd	Rubicon Resources Ltd	100	5,000	01/10	5,200,000	0.8	41,600	1.12
Weld Range	Pilbara Nickel Pty (Minara Resources) 75% / AustMin Platinum Mines Pty (Sons of Gwalia Ltd) 16.3%	Weld Range Metals Ltd	91.3	2,350,000	09/09	330,000,000	0.75	2,475,000	1.04
Greenville Ni Mine	Straits Resources Ltd (84.3%) / Resource Mining Corporation Ltd (15.7%)	Metallica Minerals Ltd	100	1,649,000	12/09	38,000,000	0.8	310,000	5.32
Waite Kauri	Warwick Resources Ltd	Proto Resources & Investments Ltd	100	120,000	03/09	38500000	1.28%	40,541	2.96

Table 8-8: "High-value" Ni-laterite exploration transactions

Name	Seller	Acquirer	%	Cost ($)	Date	Resources (t)	Grade (%)	Contained Ni (t)	$/Ni t (100% basis)
La Sampala	Rio Tinto Ltd	Sherrit International Corp	46	112,774,246	12/10	162,000,000	1.62	2,624,400	93.42
Gladstone	Gladstone Pacific Nickel Ltd	QNI Resources Pty Ltd	49.64	7,700,000	08/10	70,900,000	0.9	638,100	24.31 (31.60)
Central Musgrave	Jinchuan Group	Metals X Ltd	20	50,000,000	12/09	183,130,000	0.98	1,794,674	139.30

Value per hectare basis for exploration

SRK has tracked Ni exploration transactions reported for five years to determine trends for comparable property values. The data show two trend lines. The lower trend line relates to a value of larger tenement area of approximately $55/ha and a higher value range of approximately $152/ha for smaller properties (generally with distinct exploration targets). This trend has continued for recent transactions, with BHP Billiton acquiring nickel rights over tenements east of Laverton in JV with St George for an expenditure of $3M over 3 years and Anglo American committing to spend $3M over 4 years on tenements at Bell Rock Range (both JV's expenditures adjusted to a 50% probability of concluding). The expenditures value the tenements at $59/Ha and $42/Ha respectively.

8.2.2 Marshall Pool (Minara 60%)

The Marshall Pool deposit is a large low-grade nickel laterite deposit which is highly siliceous and amenable to upgrading by simple beneficiation. The project is located 70 km north of Leonora in Western Australia and is 140 km from Murrin Murrin by sealed road.

An MMJV pre-feasibility study into beneficiation of Marshall Pool ore has commenced, and is currently on hold as a result of non-availability of the drill rigs until later in 2011. The study is focussing on the potential to generate an intermediate beneficiated run of mine ore which can be transported to Murrin Murrin for further beneficiation and processing. Preliminary drill planning to provide core samples has been completed, pulp re-samples were determined from existing pulps in storage and consultant selection has advanced.

Currently no JORC Code compliant resources are being reported for the Marshall Pool deposit, pending upgrade of the resource to the JORC (2004) reporting standard. Resources for Lawlers and Marshall Pool combined were reported as Measured and Indicated in 2002 by Anaconda Nickel (Annual Report for 2002) as 517 Mt at 0.67% Ni and 0.04% Co. Of this resource, and relevant to this valuation, Marshall Pool comprises 304.7 Mt at 0.687% Ni and 0.04% Co.

Although there is to be a feasibility study on the Marshall Pool beneficiation project, there are currently no outcomes, and therefore no method to estimate the total synergy value of Marshall Pool to the Murrin Murrin project. In addition, there are other Ni laterite resources closer to Murrin Murrin that the MMJV may consider acquiring, and the cost benefit of acquiring other assets versus the benefits of beneficiating and transporting ore from Marshall Pool is not clear. The synergy assumes an increase in grade of about 0.1%-0.2% could be achieved to overall feed to the Murrin Murrin plant.

In the comparative transactions database, the Sherrit purchase of the La Sampala project (Sulawesi, Indonesia) from Rio Tinto is the median of the high-value transactions. La Sampala is a high-grade tropical laterite with substantial size, and contained nickel. However, there are significant political and social risks associated with the development of La Sampala. In comparison, Marshall Pool has low political and social risk, but technical risk associated with the outcomes of any future feasibility study. SRK considers that these two risk profiles offset each other in terms of determining a value for Marshall Pool to the MMJV. Therefore, in the absence of definitive work on the synergy of Marshall Pool to the MMJV, the median La Sampala transaction value is used to determine a value for Marshall Pool. This reflects the enhanced value of both the local tenements and the Marshall Pool tenements due to proximity or potential value to an operating mine. SRK's base case value for Minara's 60% of Marshall Pool is $117.33M. SRK assigns a ±15% range, equivalent to the risk associated with Indicated Resources.

8.2.3 Mount Lucky (Minara 60%)

The Mount Lucky tenements comprise two mining leases and one exploration lease in the Laverton area, northeast of Murrin Murrin (E38/1866, M38/505 and M38/425).

Mount Lucky provides Murrin Murrin with a source of manganese mineralisation which enhances the processing of nickel sulphide ore and nickel sulphide concentrate through the high-pressure acid leach circuit. Crescent has reported a Resource of 250,000 t at 25% Mn on the Mt Lucky tenements. Drill intersections reported by Crescent Gold before the sale show higher grade intersections of 3-15 m at 21.4% - 27.8% Mn. The exploration expenditure carried out to date by the MMJV since the purchase is considered by both the MMJV and SRK to have added value to the tenement. In particular, MMJV is planning a further series of drillholes in the area to allow an estimation of a resource, and sees the positive potential to add value at Murrin Murrin. Therefore SRK has further used a multiplier of two to the current exploration expenditure to reflect the probable positive outcome from future expenditure. The applicable exploration expenditure is $476,000.

The three tenements were purchased from Crescent Gold in August 2010. This transaction was between non-related parties, and the purchase therefore represents the market value of the tenements at the time of the transaction.

Therefore SRK places a value of $3.95M on the Mt Lucky Manganese tenements, with a range of ±35%, commensurate with the Inferred Resource.

8.2.4 Pelican Tenement (Minara 60%)

Tenement M38/510 is located due east of the Mt Lucky tenements near Burtville, southeast of Laverton. The area includes a non-JORC Ni laterite deposit, which currently would not be suitable for transport and processing at Murrin Murrin.

Prior to 2001 Anaconda drilled 149 RC holes for 4,989 m on a 200 x 50 m grid. This work suggested a mineral inventory of 5.39 Mt @ 0.963% Ni, 0.084%Co and 5.6% Mg at a cut-off of 0.8% Ni. No further drilling has occurred since then, and historical exploration has not been review.

As this has not been upgraded to a reportable resource status, and is a relatively small resource, for the purposes of valuation the base-case resource value is used with a 50% range based on the uncertainty of the historical information.

Accordingly Pelican is valued at $80,000 within range of $40,000 to $120,000.

8.2.5 Irwin Bore – Coglia Well (Minara 36%)

This project comprises E39/1284, E39/1471 and E39/1307. Minara quote Resources on this deposit, which is held 60% by the MMJV and 40% by Brockman Resources Ltd. The Resource is quoted at 16.9 Mt at 1.07% Ni and 0.14% Co at a 0.8% cut-off grade.

No work has been carried out at Irwin – Coglia since 2007. The deposit contains high levels of chloride, above the levels which can be processed at Murrin Murrin. Consequently, the project has little value to the MMJV at present, unless a method could be found to economically reduce the chloride level of the Irwin – Coglia ore. Consequently the Resource has not been included in the LOM.

This tenement has been valued according the general Ni-laterite valuation method. Although held by the MMJV to be not so valuable to them because of high chloride levels, alternative autoclave construction may not be as sensitive to chloride as Murrin Murrin. Accordingly, the Irwin – Coglia Well deposit is valued at between $0.19M and $0.58M with a preferred value of $0.35M.

8.2.6 Yerilla (Minara 60%)

Yerilla is a small deposit that currently is not reportable under JORC (2004). The Yerilla tenements are held by Legacy Iron Ltd, who have 90% of the gold rights. The MMJV has 100% of the nickel rights. As no resources are reportable, this is also valued on an area basis. The total area of the Yerilla tenements is 8566.1 Ha, for a total preferred value of $0.47M.

8.2.7 Bardoc Nickel Rights JV (Minara 100%)

The Bardoc Nickel Rights JV is exploring for nickel sulphide mineralisation in an area north northwest of Kalgoorlie. No economic mineralisation has been defined, but one anomaly has been identified as worthwhile to follow up. This has not been done due to access issue with the pastoral lease holder, and also proximity to the main Kalgoorlie-Leonora highway and the railway line.

The area of the Bardoc Nickel Rights JV is 8799 Ha. Therefore, applying the area based valuation from SRK's database for larger areas, the value applied is $0.48M, with a 50% range based on the uncertainty of early exploration property valuations. ($0.24M to $0.72M).

8.2.8 Depot Springs (Minara 50%)

Nickel West is managing the "Depot Springs Water JV" on behalf of partners Nickel West and the MMJV. The JV covers tenement L36/137, which is held by BHP Billiton through Nickel West. A field programs were conducted at Depot Springs in 2007 to evaluate the water resource on the tenement L36/137. The objective of the work was to accurately define the extent, geometry, characteristics and water quality of alluvium which hosts the groundwater reservoir at Depot Springs. Future work is required for a quantitative resource evaluation and environmental assessment of impacts from abstraction at various rates and configurations. Recent (2007) expenditure on the tenement is about \$520,000, with positive outcomes for future investigations. SRK has estimated the work has added significant value and has therefore applied a factor of 2 to this expenditure to reflect the likely added value as a result of the program. This values the Depot Springs tenements at \$1.04M, with a range of ±35%.

8.2.9 Bounty Nickel Royalty

To date the MMJV has not received any royalty payments under this agreement and it is not clear when any such payments will be forthcoming.

Based on publicly available information, ore development commenced at Lounge Lizard in January 2010 and is now in full production. The company is targeting production of nickel ore at about 50,000 tpa (Kagara Website 8 September 2011), or about 2,300 tonnes of contained nickel. The company produced 1,700 tonnes of nickel for the 2010/11 financial year. Kagara estimates that the resources are sufficient to support 10 years of production at a rate of 50,000 tpa. The grade of ore produced seems lower than the Resource grade.

The Resource is 1.15 Mt @ 4.6% Ni for 103,300 t of contained nickel. Concentrate from the operation is sold into Western Areas' existing nickel off-take agreements with BHP Billiton and Jinchuan Group Ltd. No reserves are quoted by the company.

The Bounty royalty is based on 5% of net revenue from sales of product from the defined tenements. Net revenue is defined as the revenue from the sale of product less any chargeable expenditure over the same period. The chargeable expenditure appears to cover all costs related to production, including depreciation, some interest payments, and amortisation, and is therefore similar to an EBIT.

No information is available to determine a possible EBIT for the operation. Therefore to determine value, SRK assumed an EBIT of 30%, which may represent a typical IRR that would be required to make the project worthwhile undertaking. If nickel production is assumed to be 2,300 tpa as seems supportable by current production data, then the royalty would be in the order of \$750,000 per year. Because there is assumed to be \$5M to be amortised (at least) an assumed straight-line amortisation over the 10 year mine life results in a revenue stream of about \$250,000 each year. This is based on the same macroeconomic data for price and exchange rates as used in the DCF calculation, and at the same discount rate (11.5%) results in a value of the Bounty Royalty of \$1.8M.

8.2.10 Secondary oxidised and transitional feed – Western Areas (Minara 60%)

Opportunistic oxidised and transitional ore overlying primary nickel sulphide ore from the Western Areas operations in Forrestania are currently being processed through the Murrin Murrin plant. Stockpiles of purchased ore will be processed until Q3 2012, and these represent a one-off gain in value to the MMJV over that period, as a result of the increased nickel grade that can be achieved by blending this ore with Murrin Murrin ROM feed. The benefits of this feed from an SRK analysis are shown in Table 8-9.

Table 8-9: Analysis of on-site purchased stockpile of secondary feed (nominal terms)

Stockpile	Units		2011	2012
Opening Balance	Tonnes	30,800		
Opening Grade	% Ni	5.06%		
Contained Nickel	Tonnes Ni	1,560		
Stockpile Material Processed	%		25%	75%
Net Revenue Per Tonne Feed	$/t FEED		880	912
Cost Inflator	%		0.00	0.03
Gross Profit	$M		5.3	16.4
Discount Factor			0.973	0.897
Discounted Value	$M		5.2	14.7
Cumulative Discounted Value MMJV (after tax)	**$M**	**13.9**		

8.2.11 Summary – other assets

Table 8-10: Value of exploration properties attributable to Minara

Project	% Minara	Low of range ($M)	Preferred Value ($M)	High of Range ($M)
Marshall Pool	60	99.74	117.33	152.53
Secondary feed stockpile	60	8.36	8.36	8.36
Mount Lucky	60	1.55	2.37	3.20
Pelican	60	0.03	0.05	0.08
Irwin – Coglia Well	36	0.07	0.13	0.21
Yerilla	60	0.18	0.29	0.38
Bounty Ni Royalty	60	0.90	0.90	0.90
Bardoc Ni Rights JV	100	0.24	0.48	0.72
Depot Springs	50	0.34	0.52	0.71
Sub-total – Exploration value		**111.41**	**130.43**	**167.09**

9 Conclusions

9.1 MMJV Review Results

The major assets of Minara are centred on the Murrin Murrin mining and nickel processing operation in the northern sector of the Eastern Goldfields region of Western Australia, located about half way between the regional towns of Leonora and Laverton.

The assets are predominantly supporting the mining, processing and refining of nickel and cobalt at its large industrial complex located at Murrin Murrin. Mining tenements fall into three major categories, being tenements that have nickel laterite Mineral Resources which support the MMJV, other mining leases, and exploration tenements and other interests that are not currently in the Life of Mine plan (LOM), and interests in tenements that are outside of the MMJV.

SRK's approach to the valuation of Minara has been to review an internal Minara valuation model using the DCF approach to valuation, based on a review of the operation and the various physical, cost and revenue assumptions that go into making up a DCF valuation model. The other assets have been valued using two basic methods:

- Where resources or defined exploration targets exist, SRK has used a market-based approach, where the assets are compared to other assets on which transactions have been completed, and making an assessment of the tenements on a tonnes of contained nickel basis.
- Where exploration assets do not have identified mineralisation to a level where a target tonnage and grade can be implied, SRK has used exploration transaction for similar commodities, and valued these based on the tenement area or the exploration expenditure associated with improving the value of the tenements.

The Resources and Reserves of the MMJV were last reported at 31 December 2010. Both the Resources and Reserves are very large compared to the total amount of material processed through the Murrin Murrin plant and refinery. The company has generated its LOM over 25 years of Reserves, but using the same production profile, resources are sufficient for in excess of 40 years at current production rate. There is a long term trend for the nickel (Ni) grade of resources to decrease, and there is an impact of this past the 25 year mine life.

Methods used to generate the Reserves were reviewed, and the optimisation, costing and scheduling are all done using advanced methods with adequate review. As a result SRK does not see any risk to the MMJV related to Resources and Reserves, and therefore to the Minara share of the MMJV.

In the plant, the feed preparation circuit (area 3100) has been substantially upgraded over the past few years, with the installation of a paste thickener and new screens. However, availability still falls short of the 85% target. There is $55 million in the capital budget for improvements over the next three years, which should reduce upstream wait time in 3200. This benefit is not accounted for in the LOM, and provides some upside in the current project.

Heap leach and plant CCD recoveries have been consistent over the last few years, and SRK has modelled the LOM using these historical recoveries. Minara has suggested higher recoveries in these areas, which if achieved will result in improved performance by up 7.1%

Availability is a function of planned and unplanned downtime. The forecast availability is similar to that achieved in previous years (2006, 2007, 2009), but other years have seen much worse results (e.g. 62.7% in 2010). The circuit is still apparently prone to unexpected major incidents, which represents a risk to delivery on the valuation model.

The valuation model is based on achieving 3.3 Mtpa of autoclave feed. This is achievable based on current operating performance and improvements to the mill circuit. However, unforseen events may affect this target from time to time. Minara has implemented an improved maintenance system to address this issue, and expected results of this program are factored into the model from 2012.

Other exploration assets have been valued using standard market-based techniques, and described in the report. Marshall Pool is the most material of these assets, which was valued using comparable market transactions for similar nickel laterite resources, allowing for synergy due to its location relative to the Murrin Murrin plant.

9.2 Valuation Results

SRK's valuation range for each asset is shown in Table 9-1.

Table 9-1: Valuation result PV of Minara share – all projects

Project	% Minara	Low of range ($M)	Preferred Value ($M)	High of Range ($M)
Murrin Murrin JV	60	543.20	642.40	800.20
Marshall Pool	60	99.74	117.33	152.53
Secondary feed stockpile	60	8.36	8.36	8.36
Mount Lucky	60	1.55	2.37	3.20
Pelican	60	0.03	0.05	0.08
Irwin – Coglia Well	36	0.07	0.13	0.21
Yerilla	60	0.18	0.29	0.38
Bounty Ni Royalty	60	0.90	0.90	0.90
Bardoc Ni Rights JV	100	0.24	0.48	0.72
Depot Springs	50	0.34	0.52	0.71
Total value		**654.61**	**772.83**	**967.29**

Note: Source – "SRK"

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Mike Warren

All data used as source material plus the text, tables, figures, and attachments of this document have been reviewed and prepared in accordance with generally accepted professional engineering and environmental practices.

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