

# QUARTERLY REPORT

## 31 December 2010



### ABOUT MINARA

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

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

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

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

ASX CODE: MRE



## SIGNIFICANT EVENTS

- Successful completion of the triennial statutory shutdown
- Production recommenced according to plan
- 6,508 tonnes of nickel produced
- \$225 million cash on hand at 31 December 2010

## MURRIN MURRIN OPERATIONS

	Quarter Ended 31 December 2010	Quarter Ended 30 September 2010	Quarter Ended 31 December 2009
Nickel Production (tonnes)	6,508	7,358	8,675
Cobalt Production (tonnes)	448	520	512
<b>Minara's Equity (60%)</b>			
Nickel (tonnes)	3,905	4,415	5,205
Cobalt (tonnes)	263	312	307

Total production of 6,508 tonnes of packaged nickel and 448 tonnes of packaged cobalt was achieved at Murrin Murrin for the three months to 31 December 2010. Minara's share is 60 percent. The previous corresponding three month period saw 8,675 tonnes of packaged nickel and 512 tonnes of packaged cobalt produced.

As anticipated, metal production was impacted by the three-week, planned triennial statutory shutdown. The plant recommenced production without incident. Major works undertaken during the shutdown included refurbishment of the catalyst in the acid plant, rebuild of the sulphur pit, statutory inspection of pressure vessels and tanks, and the replacement of a major heat exchanger in the acid plant. Inspections undertaken during the shutdown did not identify any unforeseen maintenance issues.

Autoclave feed for the quarter was 623,920 tonnes of ore grading 1.29% nickel.

Production guidance for the 2011 calendar year at Murrin Murrin is 33,000 – 37,000 tonnes of nickel (Minara's share 60 percent).

## CORPORATE / FINANCIAL

### Cash on hand

Cash on hand at 31 December 2010 was \$225 million (30 September \$220 million).

Minara's nickel and cobalt revenue is priced in US dollars, with the majority of input costs denominated in Australian dollars (with the exception of sulphur and some maintenance parts). The strength of the Australian dollar continues to have a negative impact on the company's cash position.

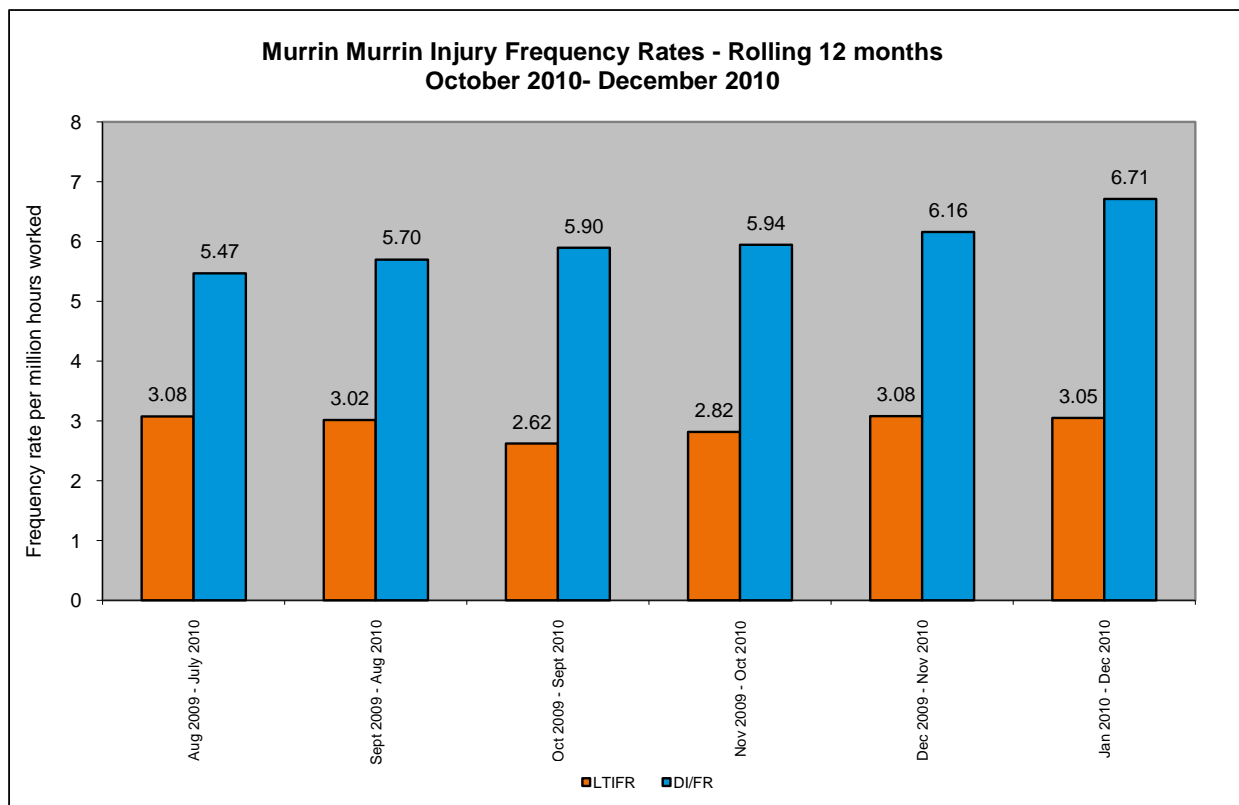
Minara's sales position remains unhedged in both currency and price.

### HEALTH AND SAFETY

The LTI/FR 12 month rolling average is 3.05.

The DI/FR 12 month rolling average is 6.71.

The company continues to focus on reviewing safety performance and implementing comprehensive safety initiatives across the business.



## ENVIRONMENT

There were no reportable environmental incidents for the quarter.

## EXPLORATION

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

Scoping studies continued in the December quarter with a view to outlining a program of works for 2011. These studies are focusing on the upgradability of this significant nickel laterite mineralisation and generation of an updated resource model.

### *Mt Lucky (Manganese) (Murrin Murrin JV 100%)*

The Mt Lucky project had archaeological, flora and fauna surveys completed in the December quarter. Infill and extensional drill planning was also completed with the aim of commencing drilling in the first half of 2011.

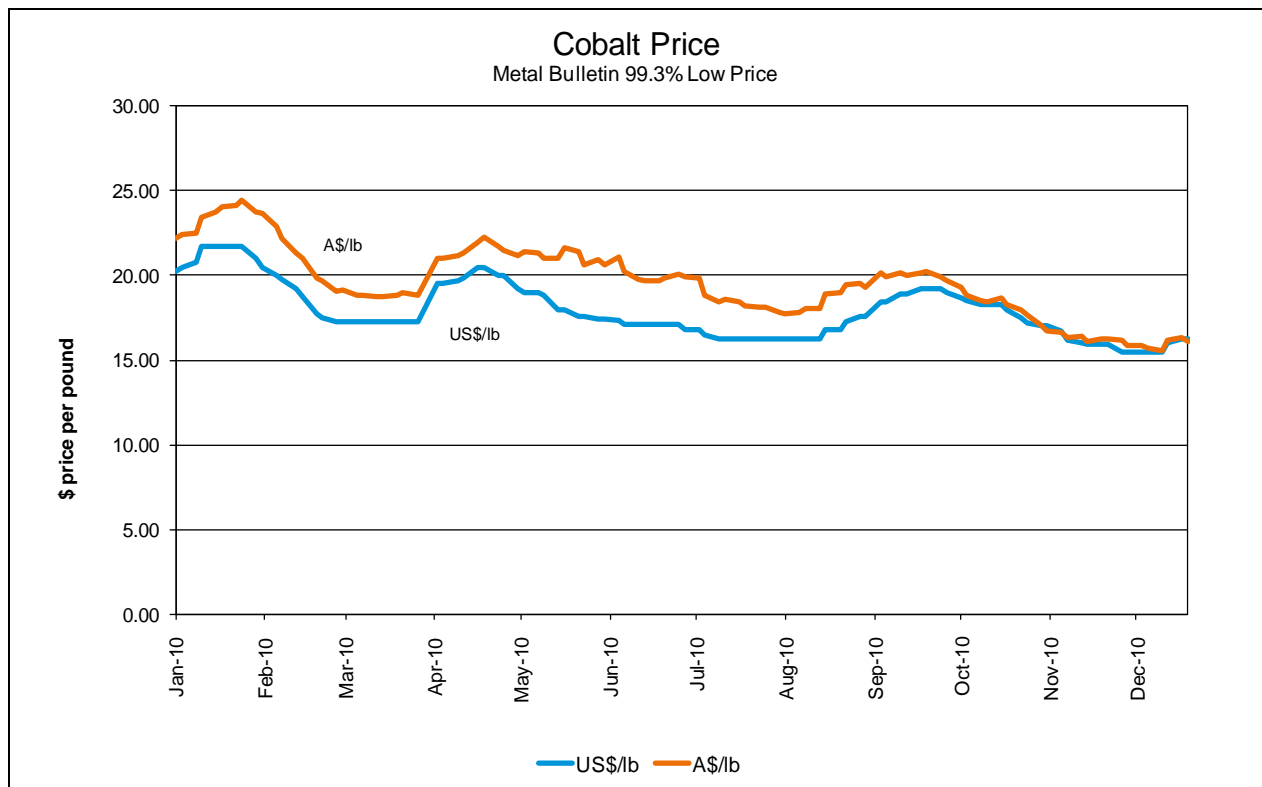
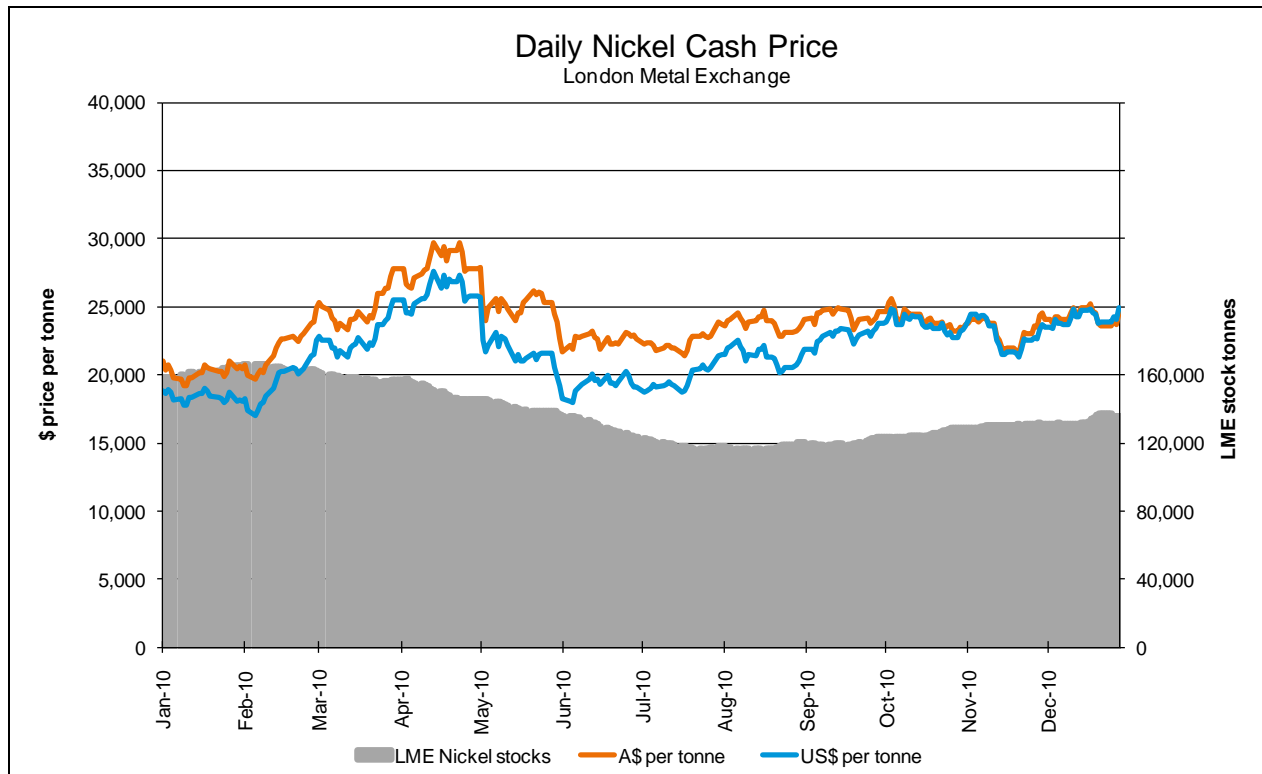
## METAL MARKETS

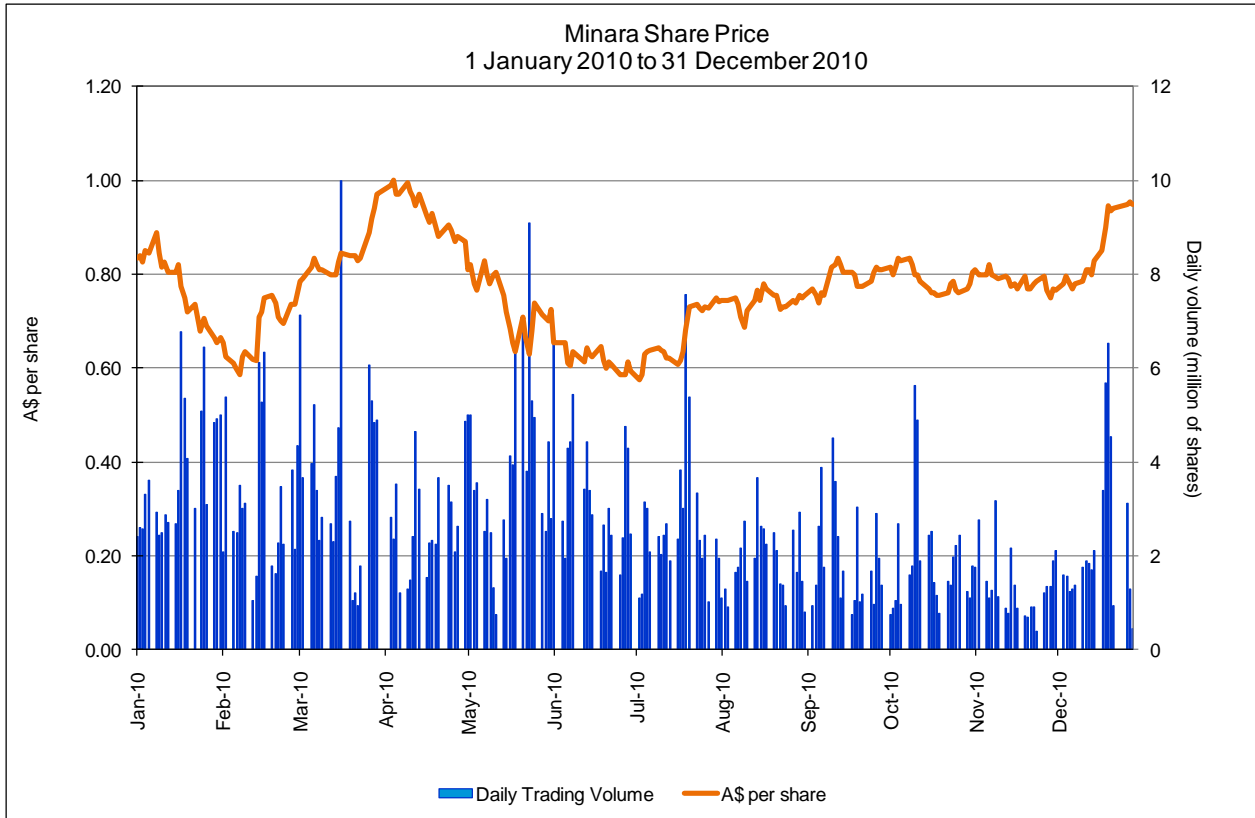
The London Metal Exchange (LME) nickel spot prices were steady across the quarter. The price opened the reporting period at US\$23,390 per tonne. The spot price on 31 December 2010 was US\$24,960 per tonne.

The LME nickel stock levels opened the reporting period at 122,556 tonnes and closed at 135,672 tonnes.

The cobalt price decreased during the quarter. The price opened the quarter at US\$19.25 per lb and closed the quarter at US\$16.25 per lb.

Commodity Prices	Prices as at 31 December 2010	Average for quarter ending 31 December 2010	Average for quarter ending 30 September 2010	Average for quarter 31 December 2009
<b>LME Nickel</b>				
Cash Seller & Settlement				
US\$ per tonne	24,960	23,598	21,188	17,535
US\$ per lb	11.32	10.70	9.61	7.95
A\$ per tonne	24,560	23,892	23,458	19,254
<b>Cobalt</b>				
US\$ per lb	16.25	16.81	17.20	17.88
Exchange rate A\$:US\$	1.0163	0.9877	0.9032	0.9107





## CEO'S COMMENTS

"The thorough planning and successful execution of the major triennial shutdown in October was the highlight of the quarter.

"The completion of the shutdown and the capital expenditure in the year has the Murrin Murrin operation well placed to achieve increased metal production in 2011."



**Peter Johnston**  
Managing Director and CEO  
14 January 2011

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