

Quarterly Report 31 March 2011



ASX Announcement: 11 April 2011

ASX CODE: MRE

BOARD OF DIRECTORS

Peter Johnston
Managing Director and
Chief Executive Officer

John Morrison
Non-executive Director

Ivan Glasenberg
Non-executive Director

Willy Strothotte
Non-executive Director

Malcolm Macpherson
Non-executive Director

Marc Ocskay
Alternate
Non-executive Director

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SIGNIFICANT EVENTS

Production

- 7,468 tonnes nickel packaged for the quarter
- Flooding impacted February/March production
- Maintenance brought forward during downtime
- Sulphur price protection delivers savings

Development

- Murrin Murrin East ore to be processed from late Q2 2011

Exploration

- Near-mine exploration drilling continues
- Study commences on beneficiation of Marshall Pool ore

Corporate

- \$199 million cash at 31 March 2011
- \$0.05 2010 final fully franked dividend (\$58.5M) paid
22 March 2011

Murrin Murrin Operations

Total production of 7,468 tonnes of packaged nickel and 488 tonnes of packaged cobalt was achieved at Murrin Murrin for the three months to 31 March 2011. The previous quarter saw 6,508 tonnes of packaged nickel and 448 tonnes of packaged cobalt produced. Minara's share is 60% of these volumes.

	Unit	Quarter ending 31 March 2011	Previous Quarter ending 31 December 2010
Material mined	BCM	2,842,447	2,978,179
Autoclave feed	Tonnes	697,689	623,920
Autoclave feed grade (Ni)	%	1.27	1.29
Nickel production	Tonnes	7,468	6,508
Cobalt production	Tonnes	488	448
Direct cash costs	US\$/lb Ni	6.97	8.65

Autoclave feed for the quarter was 697,689 tonnes of ore grading 1.27% nickel.

January production of over 3,000 tonnes of packaged nickel followed a successful ramp-up to full production levels following the triennial shut of the plant in the last quarter of 2010. This provides an indication of production capacity within the Murrin Murrin plant following debottlenecking and process improvement capital investment over recent years. The processing of Murrin Murrin East ore from late Q2 2011 is expected to lift the autoclave feed grade to over 1.3% nickel for the second half of the year.

The January 2011 production rate was sustained into February until a series of electrical storms, heavy rains and flooding events impacted production.

The large volume of flood waters resulted in damage to the process water supply due to breach of sections of the supply pipeline, that delivers water drawn from underground aquifers located over 100 km to the north of the Murrin Murrin plant. The damage resulted from flood waters moving sections of the pipe, despite the pipe being anchored at points along its length by heavy concrete foundations and its burial in spillway areas.

The Murrin Murrin plant operated at reduced rates over the period until flood waters receded and the damage sustained as a result of flooding was repaired.

Production losses due to the flooding are estimated at 900 tonnes of packaged nickel.

Scheduled maintenance was brought forward while the plant was operating at reduced capacity. This should assist plans to recover the lost production over the remainder of the year.

The processing of ore from the Murrin Murrin East ore body is expected to lift processed ore grade and therefore metal production rates during the second half of the year. Production guidance remains within the range of 33,000 to 37,000 tonnes of packaged nickel for 2011 (Minara's share 60%).



Pipeline at bore field shifted significantly from foundations by floodwaters

COSTS

Direct cash costs (Brook Hunt C1) were US\$6.97 per pound nickel (post by-product credits) for the quarter, down US\$1.68 per pound on the previous quarter and down US\$0.40 per pound on the previous half. This result was, however, higher than expected, reflecting the relatively strong Australian dollar and lost production due to flooding.

The Australian dollar averaged US\$1.004 for the quarter. This added US\$0.58 per pound nickel of C1 costs compared to the position if the 2010 average exchange rate of US\$0.9208 had applied. The 900 tonnes of nickel production lost due to flooding is estimated to have added a further US\$0.80 per pound nickel to the reported C1 cost for the quarter.

It is expected that C1 costs will revert to levels closer to the recent historical average of US\$5.45 to US\$5.75 per pound nickel upon achievement of 2011 production guidance as discussed above, subject to the prevailing A\$:US\$ exchange rate.

Minara benefited from sulphur price protection arrangements established in the previous quarter. These arrangements with long-term suppliers, covering over 80% of Murrin Murrin's forecast 2011 sulphur requirements, will continue to protect the company from potential sulphur price increases over the balance of the year.

DEVELOPMENT

The Murrin Murrin East ore body haul road was completed ahead of schedule during the quarter, despite remedial works required to repair flood damage.

Murrin Murrin East ore is now being blended with existing ore sources into ROM stockpiles and is planned to be processed from late Q2 2011, with the objective to increase autoclave feed grade for the remainder of the year and beyond.

The Murrin Murrin East ore body contains approximately 20% of the Proven and Probable in-situ Reserves.

EXPLORATION

Murrin Murrin Exploration

The near-mine exploration program, which commenced in 2010, continued during the quarter. The program is targeting delineation of 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 (drilling is shallow and potential ore-zone characteristics are readily identified). Reflecting initial success, additional personnel and resources have been committed to the program for the remainder of 2011.

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

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. Marshall Pool was previously studied pre-2002 for a stand-alone project as part of the larger Mt Margaret Project and is now being considered as a supplementary high-grade feed source for Murrin Murrin.

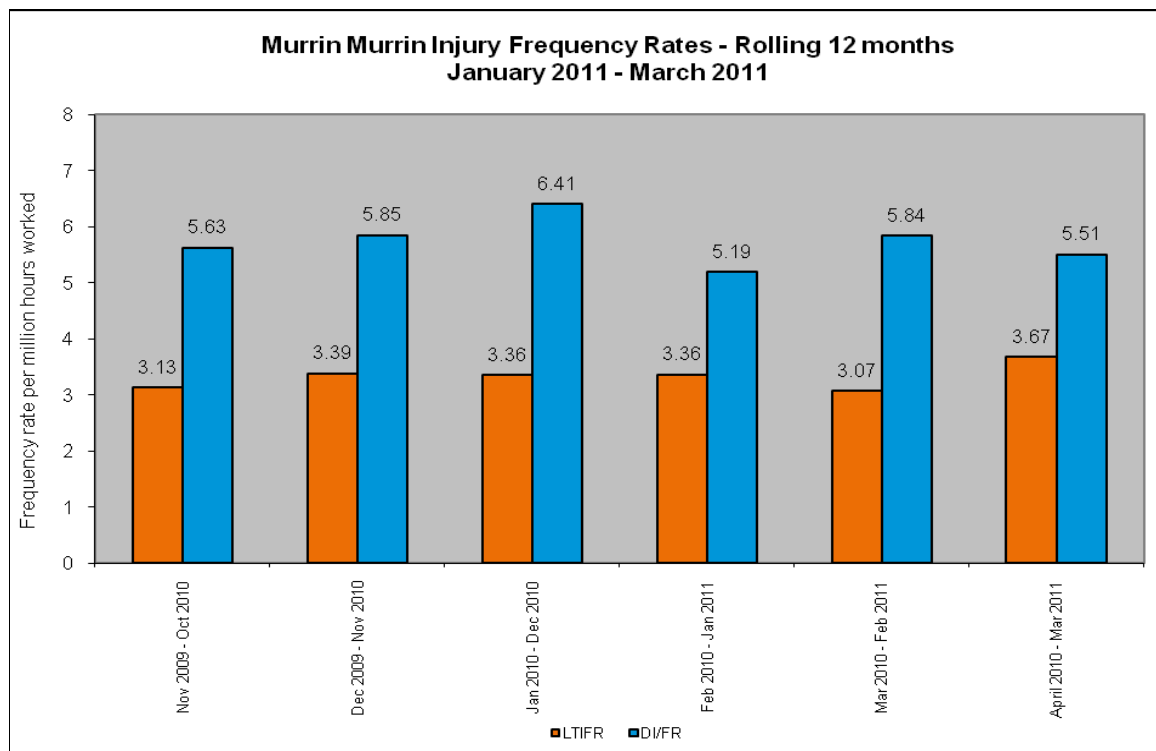
During the quarter \$5.1 million of expenditure was approved to progress a pre-feasibility study into beneficiation of Marshall Pool ore. The study will focus on the potential to generate an intermediate beneficiated run of mine ore which can be transported to Murrin Murrin for further beneficiation and processing. The study is estimated to take 12 months to complete and will consist of drill core sampling for bulk samples, metallurgical test work and preparation of a beneficiated bulk trial sample for plant scale test work.

HEALTH AND SAFETY

The LTIFR 12 month rolling average is 3.67.

The DIFR 12 month rolling average is 5.51.

Safety continues to be a major focus for the company.



CORPORATE/FINANCIAL

Cash

Cash on hand at 31 March 2011 was \$199 million (31 December 2010 \$224 million) following payment of the 2010 fully franked final dividend of \$0.05 per share, fully-franked (\$58.5 million), on 22 March.

Metals Markets

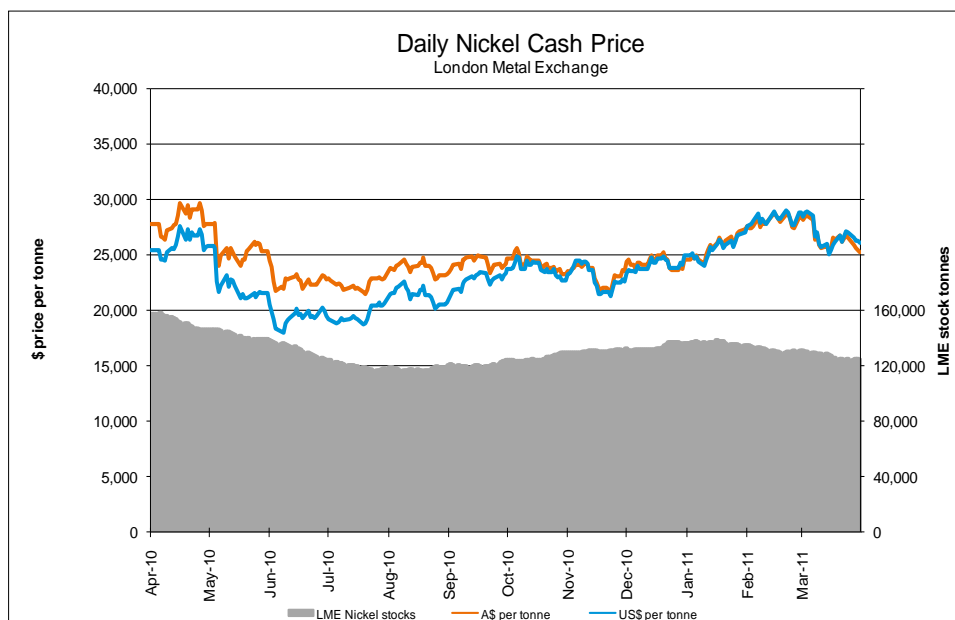
Minara's nickel and cobalt revenue is priced in US dollars, with the majority of input costs denominated in Australian dollars (with the exception of sulphur and some maintenance parts).

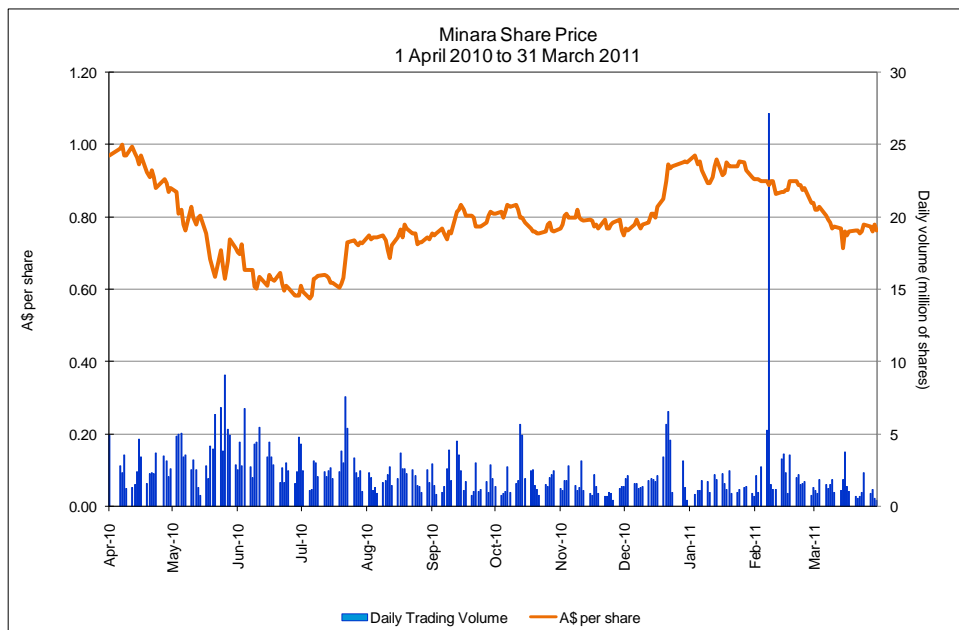
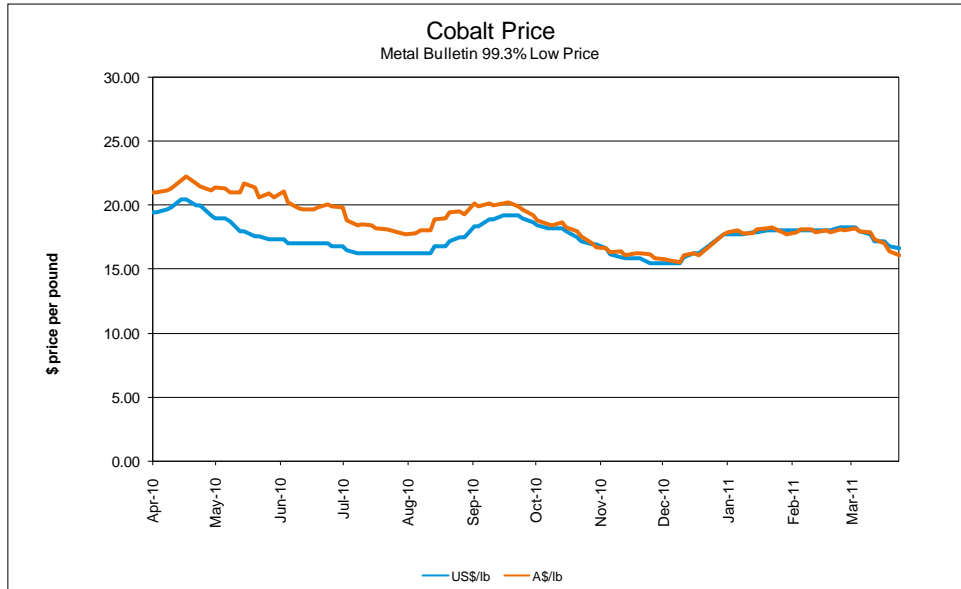
The London Metal Exchange (LME) nickel spot prices remained relatively strong during the quarter, trading in a range of approximately US\$24,000 to US\$29,000 per tonne nickel. The spot price opened the reporting period at US\$24,960 per tonne nickel and closed the period on 31 March 2011 at US\$26,080 per tonne nickel.

LME nickel stock levels opened the reporting period at 135,675 tonnes and closed at 123,756 tonnes.

The cobalt price traded in a range of approximately US\$16.25 to US\$18.30 per pound cobalt during the quarter. The price opened the quarter at US\$16.25 per pound cobalt and closed the quarter at US\$16.65 per pound cobalt.

Commodity Prices	Prices as at 31 March 2011	Average for quarter ending 31 March 2011	Average for quarter ending 31 December 2010	Average for quarter ending 31 March 2010
LME Nickel				
Cash Seller & Settlement				
US\$ per tonne	26,080	26,899	23,598	20,078
US\$ per pound	11.83	12.20	10.70	9.11
A\$ per tonne	25,237	26,773	23,892	22,195
Cobalt				
US\$ per pound	16.65	17.86	16.81	19.20
Exchange rate A\$:US\$	1.0334	1.0047	0.9877	0.9046





CEO's Comments

"We started the quarter with a strong production performance in January producing over 3,000 tonnes of nickel, reflecting past investment in process debottlenecking and plant improvements at Murrin Murrin.

"Unfortunately, like a number of businesses in the region, Murrin Murrin suffered production losses due to extreme weather events and flooding in February with production impacted through to March.

"We remain confident of increased production in 2011. With the addition of higher-grade ore from Murrin Murrin East coming on stream late in the second quarter, we maintain our 2011 production guidance of 33,000 to 37,000 tonnes of nickel.

"During the quarter we also paid a fully franked final dividend of 5 cents per share, fully-franked, for a total return to shareholders of \$58.5 million."

A handwritten signature in black ink that reads "P. B. Johnston .".

Peter Johnston

Managing Director and CEO
11 April 2011

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.