

# HALF YEARLY RESULTS

## 30 June 2009



### 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

- Loss after tax of \$3.1 million
- Continued reduction in C1 costs achieved
- Cash on hand at 30 June 2009 \$127.2 million
- Consistent production profile
- Nickel market improved but remains volatile

## FINANCIAL

The company recorded a net loss after tax for the half year to 30 June 2009 of \$3.1million (2008: profit \$50.9 million).

At 30 June 2009, cash on hand was \$127.2 million. The company remains debt free with a strong balance sheet. On an operational basis Minara was cash flow positive for the six months ended 30 June 2009. There was a marginal decrease in cash reserves due to the impact of nickel provisional pricing in the first three months of the year and increased sulphur stocks purchased to take advantage of current low prices.

The Board has not declared a dividend for the period.

## FINANCIAL RESULTS (\$ Million)

	6 Months Ended 30 June 2009	6 Months Ended 30 June 2008
Revenue from operations	190.1	289.4
Gross profit	4.7	86.9
Net (loss)/profit after tax	(3.1)	50.9
Net cash flow	(14.8)	90.4

The C1 costs for the six months ended 30 June 2009 have reduced to US\$4.99/lb (2008: US\$5.24).

## SULPHUR

Sulphur is one of the company's major input costs. In 2008 there was an unprecedented rise in the spot price of sulphur from historic levels of below US\$100/tonne to over US\$800/tonne. World sulphur markets are currently in surplus and the spot price of sulphur has now declined to below US\$50/tonne. The price decrease is flowing through to the company's long term contracts and will positively impact Murrin Murrin's overall operating costs in the second half of 2009.

## PRODUCTION

Production at Murrin Murrin for the six months to 30 June 2009 was 15,604 tonnes of nickel packaged, and 1,084 tonnes of cobalt packaged both of which represent an increase over the previous corresponding period. During the six-month period to 30 June 2008, production was 15,022 tonnes of nickel packaged, and 999 tonnes of cobalt packaged.

The plant continues to operate on a consistent production platform. In the first half of 2009 the company was pleased with the equipment reliability and operating efficiencies being achieved in both the ore leach area and utilities section of the processing plant.

Minara's production forecast guidance for Murrin Murrin for the year remains unchanged at 30,000 to 34,000 tonnes.

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

## MURRIN MURRIN PRODUCTION

	6 months Ended 30 June 2009	6 Months Ended 30 June 2008
Nickel Production (tonnes)	15,604	15,022
Cobalt Production (tonnes)	1,084	999
<b>Minara's Equity (60%)</b>		

## CAPITAL PROGRAM

During the period, the Company incurred capital expenditure of \$2.23 million on sustaining capital projects. This represents 60% of the capital expenditure incurred by the joint venture.

## METAL MARKETS

The nickel market remains volatile with nickel spot prices during the half year ranging from below US\$10,000 per tonne to US\$16,010 per tonne. Demand for stainless steel has increased in China but the markets in Europe and the USA remain soft. Official London Metal Exchange stocks have remained relatively static in recent weeks at approximately 110,000 tonnes.

The cobalt price also remains volatile. During the half year the price has ranged between approximately US\$10.00/lb and US\$15.00/lb (99.3% LMB).

Minara's nickel and cobalt revenue is priced in US dollars, with the majority of input costs denominated in Australian dollars (with the exception of sulphur and some maintenance parts). Consequently, the positive impact on revenue from the increases to nickel prices seen during the half year has been partially offset by a strengthening Australian dollar.

## CEO'S COMMENTS

"Under challenging circumstances Minara delivered a strong performance over the first six months of the year, posting a small loss in one of the most difficult periods in the company's history.

"We have continued to exercise successful cost reductions at all levels despite currency fluctuations and a decline in the cobalt market. Our targeted capital investment from previous years has ensured a consistent production profile which will remain the company's focus throughout 2009.

"The nickel market is slowly recovering which is reflected in the current nickel price which has improved in July and August.

"Having achieved a stable production profile with good cash reserves and a strong balance sheet, Minara is well positioned to capitalise on the nickel market recovery."



**Peter Johnston**  
Managing Director and CEO

27 August 2009

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