MINARA RESOURCES LIMITED

ANNUAL REPORT

2009

MINARA RESOURCES

MINARA RESOURCES LIMITED IS ONE OF AUSTRALIA'S LARGEST NICKEL PRODUCERS, AND ONE OF THE TOP TEN IN THE WORLD, WITH HEADQUARTERS IN PERTH, WESTERN AUSTRALIA.

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Minara Resources Limited
ABN 23 060 370 783

Scope of this Report

The Minara Resources 2009 Annual Report presents the operating and financial results for the period 1 January 2009 to 31 December 2009. These have been prepared in accordance with the Australian equivalents to the International Financial Reporting Standards (AIFRS).

The reporting structure also addresses Minara's values and reflects the principles of the Global Report Initiative (GRI) general reporting guidelines.

This is the seventeenth Annual Report for Minara Resources following its formation in 1993.

Annual General Meeting

The seventeenth Annual General Meeting of Minara Resources Limited will be held at the Perth Convention and Exhibition Centre, 21 Mounts Bay Road, Perth Western Australia on Tuesday 25 May 2010 commencing at 9.30am WST.

ABOUT MINARA

Minara Resources Limited is one of Australia's largest nickel producers, and one of the top ten in the world, with headquarters in Perth, Western Australia.

Minara owns and operates the Murrin Murrin Nickel Cobalt Joint Venture project (60 per cent Minara, 40 per cent Glencore International AG) near Leonora in Western Australia's historic northern goldfields region. Murrin Murrin is a world class hydrometallurgical project, using sulphuric acid in high-temperature, high-pressure autoclave vessels to leach nickel and cobalt from low grade lateritic (oxidised) ores.

OUR VISION

Minara is a leading nickel producer, recognised for delivering high quality products and for its commitment to its people, their safety and the environment.

Minara's strategy is to strengthen its core business and pursue growth opportunities.

OUR VALUES

Safety has unconditional priority in any business activity. The work environment and well being of others is within our care.

Lifestyle is important and we promote a balance between work and family.

We will respect the property, rights, ideas and achievement of others.

We will be honest and fair in our dealings with others.

We will take pride in our plant, process and product.

We will realise the true potential of our people by involvement and participation.

STRATEGIC FOCUS

Minara continues to strive for improved operating performance to deliver strong growth to its shareholders.

CHAIRMAN'S REPORT

The second half of 2008 and the first half of 2009 was a challenging period for the company. However, our early recognition of a rapidly changing market and subsequent response to the business pressures associated with the Global Financial Crisis resulted in a solid turnaround.

I am pleased to present to you the 2009 Minara Resources Limited Annual Report, my second as Chairman.

The second half of 2008 and the first half of 2009 was a challenging period for the company. However, our early recognition of a rapidly changing market and subsequent response to the business pressures associated with the Global Financial Crisis resulted in a solid turnaround.

Despite the very difficult market conditions experienced during 2008, the equity raising and our "back to basics" philosophy focusing on capital conservation, cost minimisation, productivity improvement and high operational standards enabled Minara to enter 2009 in a sound position for the inevitable recovery of world commodity markets. The company has remained debt-free, with strong and growing cash reserves providing a foundation for our security in the medium term.

At all levels of the company the "back to basics" philosophy was embraced and it delivered a reduced cost base and improvements to our already consistent production profile. For the year ended 31 December 2009 record metal production and a strong financial result was achieved.

The record annual production of 32,977 tonnes of nickel and 2,350 tonnes of cobalt is testament to the success of prudent operational strategies.

The focus on reducing costs and achieving a consistent production profile delivered results early in 2009, with direct cash costs (Brook Hunt C1) decreasing to $4.99 per lb by mid year. Our full year direct cash costs were $4.97 per lb against the previous year's $5.39 per lb. This reduction was achieved despite a strengthening Australian dollar and the impact of volatility in the cobalt market.

While the nickel price remained volatile in 2009 there was an improvement in nickel metal prices from the lows experienced in late 2008. On the London Metal Exchange (LME) the nickel price commenced the year at $US12,710 per tonne, reached a peak of US$21,070 per tonne during the third quarter and finished the year at $US18,480 per tonne.

In addition to the volatility in the nickel price, the LME stocks increased in 2009 from 78,390 tonnes to over 150,000 tonnes by year end. This increase in stock levels is partially explained by the stainless steel markets in Europe and the USA remaining soft throughout 2009. Despite this relatively high stock level, nickel prices remain strong and indicate increasing demand as the world recovers from the economic crisis during 2010.

The company's increase in cash reserves – to $247.1 million at year end compared to $142.5 million the previous year – reflects the company's reduced cost base and its continued focus on seeking further opportunities to run the business more efficiently.

The continued focus on cost management and production improvement necessitated ongoing suspension of capital projects in 2009, including expansion of our Heap Leach facility. These projects will be reviewed in 2010.

Across all operating environments Minara continues to prioritise the areas of occupational health, safety and the environment and our support for the communities in which we operate. To this end, it is very pleasing to note that our safety performance has continued to improve, we reported no environmental incidents during the year, and our commitment to social responsibility saw the annual company contribution of $250,000 provided to the Minara Community Foundation to benefit organisations and projects in the northern goldfields.

During this, my second year on Minara's Board, I continue to be impressed by the enthusiasm and commitment of the management team and their willingness to respond to the volatile market conditions by aggressively reducing costs and improving productivity. Their success is apparent when, unlike many of its competitors, Minara remains, not only a viable business, but a healthy secure business with significant cash reserves and a bright future.

I would like to record Minara's appreciation of our Joint Venture partner, Glencore International AG, for its ongoing support of our operations. I would also like to thank my fellow Board members for their commitment and counsel during the year.

The Board remains committed to the highest standards of corporate governance and ethical behaviour. Our corporate governance policies are continually reviewed to best practice standards and underpin every activity and deliberation.

Finally, I thank Minara's management team and all employees for their hard work, commitment and understanding as they successfully address the challenges we continue to face. This gives me every confidence in our ability to deliver returns to our shareholders in the future.

Peter Coates AO
Chairman

CEO'S REPORT

All objectives were achieved in 2009. We had record production, we lowered costs, we had our best safety performance and there were no major environmental issues. This was a commendable effort from the entire team at Murrin Murrin.

2009 can be described as a year of consolidation for Minara. The strategy in the year was a direct result of the operating philosophy which we put in place in mid 2008. The focus was on cost control, delivering the budget, minimising capital expenditure and meeting all the requirements in safety and environmental areas.

All objectives were achieved in 2009. We had record production, we lowered costs, we had our best safety performance and there were no major environmental issues. This was a commendable effort from the entire team at Murrin Murrin.

Financial Performance

The financial performance also improved after the capital restructuring was concluded in late 2008. We made a net profit of $48.5 million after a loss in 2008 of $19.8 million. This was a credible performance in a volatile market. Particularly pleasing was the focus on reduction in unit costs despite the impact of a rising Australian/US dollar exchange rate. The plan was to complete the year with minimal capital expenditure and to concentrate on all the major production parameters. In the second half of the year the impact of high sulphur prices which were evident in 2008 and early 2009 had largely diminished.

Operations

It was pleasing to see the improved production performance in 2009. In all areas of the plant, production records were achieved. Special mention must be made of the refinery area which had underperformed in 2008.

The focus in 2010 will be to continue consolidating production performance. During the year there will be a triennial plant maintenance shutdown in the last quarter. As well, there are several debottlenecking projects which have been approved by the Board.

These capital programs will not have any impact on production in 2010. However, it is expected that we will see a positive impact on production from 2011 onwards.

One of the notable success stories of 2009 was the operation of the in-pit tailings program whereby tailings are deposited into our mined-out areas. This is an alternative disposal to building large tailing complexes. This was a significant breakthrough in performance and costs of tailings disposal.

People

Minara continues to undertake initiatives to consolidate our position as an employer of choice in the mining and mineral processing industry.

In 2007 and 2008 turnover in all areas of mining in Western Australia reached record highs. At Murrin Murrin this put pressure on our operating performance.

In 2009 turnover reduced substantially primarily due to the Global Financial Crisis but also due to the internal management of our people. We are supporting a number of work/life balance initiatives, we continue to review our rosters and we also provide personal and professional development activities. Also, we always look for promotional opportunities to ensure we offer career pathways for our employees.

Safety and Environment

Safety remains our primary focus above all else at Minara. It is pleasing to note that the company's overall safety performance continues to improve and we have an unwavering commitment to drive further improvement in our safety performance.

During 2009 we embedded a culture shift in safety to a more individually accountable approach rather than relying on systems or engineering type support. This has resulted in a strong focus on "No Harm – Safe Process" in all health and safety plans.

Minara's safety performance is measured by the Disabling Injury Frequency Rate (DIFR) and the Lost Time Injury Frequency Rate (LTIFR). The DIFR 12 month rolling average to 31 December 2009 was 0.77 (2008: 1.64). The LTIFR 12 month rolling average to 31 December 2009 was 1.93 (2008: 2.46). These rates represent an encouraging and sustained improvement which we will continue to pursue.

Minara's commitment to management of the environment continued throughout 2009. Our goal of consistently exceeding regulatory requirements and proactive environmental protection has again resulted in there being no reportable environmental incidents in 2009.

We continued to review and modify our approach to waste landform management in order to establish a consistent and high quality standard of known rehabilitation outcomes.

Throughout 2009 we continued to refine and improve conservation activities, particularly in the areas of water and energy efficiency. We also supported a range of off-site external environmental activities.

Community

The second annual grant from the Minara Community Foundation was distributed to a number of organisations and projects in the northern goldfields, with six projects totalling $108,000 approved for funding. The foundation's Local Advisory Committee recommended the remaining $142,000 of the company's annual contribution be used to grow the endowment.

Minara's ongoing support of the foundation will continue to provide funds for current projects and to increase the endowment for future generations.

In addition to providing funds to the foundation, Minara supports businesses and the wider community in the areas of our operations directly with donations, sponsorships and in-kind support.

We also continue to consult with a range of stakeholders particularly in the planning and development stages of our operations.

Acknowledgement

I acknowledge the tireless efforts of Chairman Peter Coates AO and all members of the Board for their ongoing contribution, counsel and support.

I would like to thank Glencore International AG for their continued support but especially during the difficult period of 2008 and early 2009.

I also would like to thank my management team and all employees at Minara for their dedication, support and professionalism throughout another challenging year.

Outlook

At the beginning of 2010 we have solid cash reserves, are debt-free and have a strong balance sheet. Our costs have stabilised and our focus is initially on maintaining and then improving the production profile. The actions we have taken over the past two years have positioned Minara well to take advantage of any global improvement after a turbulent period. We are, of course, optimistic that the nickel market will improve in the medium term, however this is tempered by the expectation of high nickel stocks and the availability of increased supply from producers returning to an improving market.

We will continue to optimise production at Murrin Murrin and to review growth opportunities.

P. B. Johnston.

Peter Johnston
Managing Director & CEO

Mining

During the first half of 2009 the Mining department focussed on providing low cost per pound feed for the high pressure acid leach (HPAL) circuit. Additional efficiencies were achieved resulting in a reduction in the unit cost of production in mining compared to 2008. The cost focus resulted in a drawdown of high grade run of mine (ROM) stocks from 1.6 million tonnes to 0.5 million tonnes.

In the second half of the year mine production rates were increased using additional internal capacity while still maintaining a focus on cost minimisation.

Nickel ore grades mined and processed in 2009 were slightly lower than the previous year. For 2009 the total ex-pit movement at Murrin Murrin was 14.6 million dry tonnes, including 12.3 million dry tonnes of waste material, and 1.64 million dry tonnes of ore at 1.29% nickel and 0.104% cobalt.

The back calculated ROM mill feed grade was 1.29% nickel and 0.094% cobalt.

Production

Production at the Murrin Murrin operation for the 12 months to 31 December 2009 was 32,977 tonnes of nickel (2008: 30,514 tonnes), and 2,350 tonnes of cobalt (2008: 2,018 tonnes). Both represent records for the Murrin Murrin project. Minara's share is 60%.

2010 Targets

Minara's mine production target for 2010 is 20.0 million dry tonnes of ex-pit total material movement, and a high-grade ore to ROM pad target of 3.2 million dry tonnes at 1.20% nickel.

The 2010 production guidance is 30,000-34,000 tonnes nickel. This range takes into account the planned triennial major plant shutdown provisionally scheduled for September/October 2010.

Exploration

Minara's exploration strategy remains a three-tiered approach focused upon:

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

Minara operated with minimal exploration expenditure across all projects in 2009.

At the Irwin Hills – Coglia Well JV (Murrin Murrin JV 60%) project the focus was on reducing the tenure size and prioritising sulphide nickel targets. The Bardoc Nickel JV (Minara Resources 100%) project sulphide targets have been re-prioritised and a drilling program is planned in 2010. The Mt Margaret (Murrin Murrin JV 100%) project contains significant upgradeable nickel laterite mineralisation and studies assessing the viability of a processing route have re-commenced in 2010. During 2009, The Weld Range JV (Minara Resources 75%) project interest was divested to a subsidiary of Dragon Mining Limited.

Minara did not enter into any new joint venture arrangements in 2009.

Capital Works

Although Minara did not commence any new major projects in 2009, previous significant capital investment and plant upgrades completed prior to June 2008 provided sustained benefit during the year.

In late 2009 initial preparations were undertaken for the recommencement of two major projects that were deferred in 2008. These are the high density sludge process (HDS) and the sixth reduction autoclave.

The HDS project is aimed primarily at increasing ore leach throughput by de-constraining the plant's counter current decantation (CCD) circuit. The project is scheduled for completion in the fourth quarter of 2010.

The sixth reduction autoclave project is also scheduled for completion by the end of 2010. It will deliver a sixth unit to operate in parallel to the existing five autoclave reduction vessels in the refinery's nickel circuit.

Stage one of the in-pit tailings deposition project was successfully commissioned in December 2008. It has operated to design specification throughout 2009. This project delivers operating flexibility through discharging tailings into completed mining pits. It complements the existing tails cells' operation, allowing for a reduction in cost of tailings disposal along with flexibility provided for the tails cell lift requirements.

The schedule for stage two of the in-pit tailings project proposes to complete the required construction to bring an additional pit void online for in-pit deposition during 2010.

Maintenance

During 2009 planned periodic maintenance included autoclave de-scale shutdowns, two precipitation circuit shutdowns and changeover in the refinery, and an acid plant shutdown for repairs.

Major planned maintenance work for 2010 includes the triennial major plant shutdown. During this shutdown the catalyst in the acid plant will be replaced, regular statutory inspections will occur and some planned maintenance activities will be completed. The planned periodic maintenance for 2010 includes work on the ore-leach autoclaves and a precipitation circuit shutdown and changeover in the refinery.

Research and Development

Murrin Murrin is a world leader in processing and refining lateritic nickel ores using high temperature, high pressure acid leach technology to produce refined nickel and cobalt metal.

Developing new technology and optimising the existing process plant through innovation remains a key focus for Minara. It seeks to continuously improve plant production, metal recovery and product quality, whilst pursuing new opportunities to improve the company's overall competitiveness.

The primary focus for research and development in 2009 was unit cost reduction through increases in production from expansion as well as flow sheet change.

Intellectual Property

Minara Resources has continued to actively protect its intellectual property. There are now seven certified innovation patents and 11 international patent applications.

Markets

Nickel

Nickel is primarily used in a wide range of versatile stainless steels and other nickel alloys with valuable engineering properties and uses. Despite the stainless steel demand in Europe and the USA remaining soft in 2009 the nickel market showed signs of recovery in the second half of the year. The increased demand for nickel was primarily attributed to an improvement in the stainless steel market in China. This improvement occurred despite an increase in LME nickel stocks in 2009 from 78,390 tonnes to 158,010 tonnes. Minara believes the nickel market fundamentals remain sound over the medium to longer term.

Nickel Prices

Nickel prices started the year at US$12,710 per tonne, peaking at US$21,070 per tonne in August before ending the year at US$18,480 per tonne. Nickel metal prices on the LME averaged US$14,698 per tonne for the 12 months ended 31 December 2009.

Cobalt

Cobalt is principally used in speciality steel and superalloys for the aerospace industry as well as in manufacturing, corrosion and wear resistant alloys, high speed steels and rechargeable batteries. The medium to long term outlook is positive.

Cobalt Prices

Prices for cobalt were volatile during 2009. The price commenced the year at US$10.50 per lb before closing at US$19.75 per lb. Cobalt prices averaged $US15.20 per lb in 2009.

RESERVES AND RESOURCES

Resources

Minara's Resources are based on a cut-off grade of 0.8 percent 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 50x50m, the Indicated category less than or equal to 100x100m and the Inferred category greater than 100x100m. The changes in Resource position are due to a combination of depletion of material from mining and processing activities and the updating of resources from new resource models in 'Resource Zones' rz19, rz21 and rz23.

Reserves

Minara's Reserves are based on optimisations using US$16,000 per tonne nickel, US$10.00 per lb cobalt and an exchange rate of 0.70 $AUD/$USD. The 2009 Reserve optimisations consider the impacts of major process plant shutdowns as well as the presence of project-to-date backfill, in-pit tailings and public infrastructure. A downward revision of the moisture content of stockpiled material has increased the reserve tonnage of both scats and stockpiles. The 2009 Reserve is net of all mining, milling and stockpiling activities completed during the period and presents a net reduction in the reserve position from 2008.

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 Ore Reserves is based on information compiled by Mr Rod Greenup, the information relating to Ore Resources is based on information compiled by Mr Stephen King and Mr David Selfe and the information relating to Metallurgical Results is based on information compiled by Mr John O'Callaghan.

Mr Selfe, Mr Greenup, Mr King and Mr O'Callaghan are all Members of the Australasian Institute of Mining and Metallurgy and are all full time employees of Minara Resources Limited. Mr Selfe, Mr Greenup, Mr King 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.

MINERAL RESOURCES AND RESERVES AS AT 31 DECEMBER 2009

MURRIN MURRIN MINERAL RESOURCES	31 December 2008				31 December 2009			
Resource Category	Tonnage (Mt)	Ni Grade %	Co Grade %	Cut Off Grade Ni	Tonnage (Mt)	Ni Grade %	Co Grade %	Cut Off Grade Ni
Measured	102	1.01	0.068	0.8%	108	1.04	0.075	0.8%
Indicated	191	0.97	0.065	0.8%	126	1.00	0.076	0.8%
Inferred	6	0.93	0.055	0.8%	12	0.96	0.062	0.8%
Scats	1	1.07	0.068		1	1.07	0.058	
Stockpiles (Measured)	31	1.03	0.068		36	1.02	0.067	
Total	**331**	**0.99**	**0.066**		**283**	**1.02**	**0.074**	

MURRIN MURRIN MINERAL RESERVES	31 December 2008			31 December 2009			
Reserve Category	Tonnage (Mt)	Ni Grade %	Co Grade %	Tonnage (Mt)	Ni Grade %	Co Grade %	Cut Off Grade Ni
Proven	107	1.05	0.077	112	1.07	0.082	
Probable	86	1.02	0.076	70	1.04	0.079	
Scats	1	1.07	0.068	1	1.07	0.058	
Stockpiles	31	1.00	0.068	36	1.02	0.067	
Total	**225**	**1.03**	**0.075**	**219**	**1.05**	**0.079**	

PEOPLE

Our Workforce

Minara is one of the largest single site employers in Western Australia. At the end of 2009 the company had 737 permanent employees and approximately 342 rostered contractors.

The average number of permanent employees during 2009 decreased by 13.6 percent compared with 2008 and the average number of contractors over the 2009 year was reduced by 46 percent compared to 2008. Changes in work functions enabled these reductions including Murrin Murrin employees taking on additional duties, the new mining strategy which was introduced in 2008 in response to the financial challenges faced by the company and other cost saving initiatives. In addition, the deferral of project development work in 2009 reduced the requirement for contractors on site.

Minara's gender diversity program was impacted in 2009 with the percentage of women employed by the company dropping slightly from 14.4 percent to 13.9 percent over the previous period.

Attracting and Retaining a Skilled Workforce

Minara recognises the business need to attract and retain employees with the technical skills and expertise to deliver across all aspects of operations. The company aims to create a work environment and programs to underpin high performance, increase gender and cultural diversity and build internal capacity.

The employee turnover rate in 2009 was 13.3 percent. This is a significant reduction from 2008 (excluding redundancies), reflecting a more stable workforce.

Minara aims to be an employer of choice. In 2009 the company's employee related attraction programs included:

- changing some employee rosters to day shift only,
- completing a company wide job evaluation/salary banding project to ensure Minara's remuneration strategy remains competitive, and
- progressing the site village wireless internet project.

Graduates

Minara's graduate placement has been extremely successful at Murrin Murrin. The program operates for a two year period and during that time graduates are exposed to various areas of the operations including technical services, production areas, maintenance and mining. Minara offered seven graduate positions during 2009.

Minara also hosted eight apprentices during 2009, four of whom are now employed on a full-time basis.

Incentives

Minara has several employee incentive schemes.

The Short Term Incentive program in 2009 focused on the achievement of production and cost targets. It offered employees the opportunity to be rewarded with a cash based incentive for performance against a set of company wide group cost and production key performance indicators.

The scheme also encouraged a focus on safety by requiring that employees participate in at least one scheduled safety activity each month.

The scheme commenced in January 2009, however was suspended in March 2009 in response to deteriorating economic conditions. It was reinstated in July 2009 and was in place for the remainder of the year.

In addition, Minara implemented the 2009 Transition LTI Scheme and the 2009 LTI Scheme. The 2009 Transition LTI Scheme is substantially the same as the 2008 LTI Scheme except that the performance hurdle has been extended from one year to two years. Under the 2009 LTI Scheme the performance hurdle has been extended to three years. The schemes are offered to superintendent, manager and executive level employees and reward them with the allocation of shares in the company over a specified period. Vesting of the share allocation is determined by Minara's total shareholder return performance against a board approved list of comparator companies.

Training and Development

Minara has a range of training schemes in place for employees and contractors, both on-site and off-site. This includes technical, trade related and compliance training. In keeping with the company's environment and social commitments, Minara also continues to conduct its Environmental Awareness training.

HEALTH & SAFETY

Safety is a key driver of the culture at Minara. The company's value statement provides that safety has unconditional priority over any business activity, and that the work environment and well being of others is within everyone's care.

Safety as a value is vital to achieving sustained improvements in safety performance with a long term strategic imperative.

Minara has a dedicated team of health and safety professionals, who through their commitment, education and training ensure that each and every person who works in the company as an employee or contractor or who visits the operation, understands their individual responsibility to their own safety and the safety of others.

The Health & Safety (H&S) department personnel include an H&S Manager, Health, Safety & Environment Officer, Safety Superintendent, Senior Safety Advisors, Safety Advisors, Hygiene Officer, Injury Management Advisor, Health and Wellbeing Coordinator, Occupational Health Nurses, Emergency Services Officers and Security Emergency Services Support Officers. These personnel are all actively involved with safety initiatives while working collaboratively with internal and external stakeholders to ensure safe production at Murrin Murrin.

Minara's H&S policies document how the company will comply with all applicable legislation, and monitor, measure and report on Minara's safety management system's performance.

The company's safety management system (MSafe) and compliance with company safety standards ensure Minara meets Australian Standards 4804 & 4801 requirements while aiming to eliminate work related injuries and illness.

Performance

Minara's safety performance is measured primarily by injury frequency rates. In 2009 the company's safety performance was measured against a Lost Time Injury Frequency Rate (LTIFR) target of two and a Disabling Injury Frequency Rate (DIFR) of five.

The LTIFR 12-month rolling average to 31 December 2009 was 1.93 and the DIFR 12-month rolling average to 31 December 2009 was 0.77. This is a 21.5 percent and 53 percent decrease on the previous year's rates and reflects Minara's commitment to best practice workplace health and safety.

Safety Initiatives

Minara continues to strive to improve the company's safety performance. During 2009, a range of new safety initiatives were implemented including:

- Safe Coach, a leadership coaching program, which forms part of the SafeMate behavioural based safety program. Safe Coach gives supervisors the appropriate skills and safety knowledge to coach people in the correct behaviour required on site and to recognise positive behaviour and reinforce compliance.
- Safe Task Assessment and Review (STAR), which enables line managers to observe tasks and determine the level of compliance with safety requirements and to mitigate risks associated with work activities.
- Major Accident Events (MAE) Workshops where potential major accident events scenarios were identified during scheduled workshops and documented in a formal register.
- Positive Reinforcement of Safety Knowledge (PRISK) which assists supervisors to reinforce Minara's safety standards.
- Safety Representative Mentoring Program, which gives elected safety representatives the skills, knowledge and training required to meet their statutory obligatio ns under the *Mines Safety and Inspection Act 1994*.

Promoting personal health and wellbeing remains a key focus in the workplace and there continues to be strong support Murrin Murrin's recreational sport competitions and exercise activities.

Emergency Response

Minara's Emergency Response Team (ERT) provides emergency response capability at Murrin Murrin and support for other mining operations in the region.

During the year the ERT undertook a range of activities. This included competency based training of Murrin Murrin's emergency service volunteers in Senior First Aid, self contained breathing apparatus, confined space rescue, rope access rescue and aviation fires. A full scale simulated desk top emergency exercise (Operation Ground Zero) was also conducted.

Additionally, the ERT participated in the Chamber of Minerals and Energy's Eastern Regional Council Surface Mine Emergency Response Competition held in Kalgoorlie. The team achieved a consistent level across all scenarios including second place in the HAZMAT scenario.

Community Safety

Minara is an active member of the communities within which the company operates.

This includes the ERT and medical staff being available to attend incidents near Murrin Murrin when required. The ERT also assists with large local events such as the Laverton Race Day by providing an additional ambulance to remain in town on stand-by.

The company has a Memorandum of Understanding with the Fire and Emergency Services Authority of Western Australia (FESA), which provides a framework for a constructive, cost-effective alliance in the maintenance of a private fire brigade and associated activities between FESA and Murrin Murrin. The company is also a member of the Leonora Emergency Management Committee.

Employee Consultation and Training

Health and safety continues to be the first topic discussed in all business forums and at shift change meetings. The consultative processes used by Minara to communicate the company's health and safety goals and performance to employees include pre-shift meetings, toolbox meetings, safety meetings and committee meetings.

During the year all employees participate in a range of training programs and refreshers such as site and area inductions, Working Safely at Heights, Confined Space Entry, Job Safety and Environmental Analysis, Permit to Work, Fitness for Work, Fire Extinguisher Application, and Forklift and Elevated Work Platform competency. Training beyond the standard induction sessions continues to focus on safe behaviour at work.

Training in these areas was also undertaken in 2009 by contractors and MSafe's contractor management procedure requires audits of a contractor's compliance with their HSE Plan one month after commencing work and at other agreed times.

Industry Participation

As an active member of the Executive Council of the Chamber of Minerals and Energy of Western Australia and the Eastern Regional Council, Minara participates in a range of industry based health and safety initiatives.

The company also participates in the Department of Mines and Petroleum's Major Hazard Facilities Operators' Forum workshops, and has actively participated in its Manual Tasks – Tripartite Working Group meetings.

Minara holds memberships to a range of professional safety organisations including the Safety Institute of Australia and the Industrial Foundation for Accident Prevention.

Outlook for 2010

To ensure that ongoing improvement in the company's health and safety performance is embedded in the workforce culture, Minara will continue to pursue employee and contractor initiatives.

In 2010 a Current State Analysis (CSA) is being conducted in relation to the organisation's safety culture, practices and issues. This will provide a benchmark for measuring the success of subsequent actions on the company's safety journey.

Other initiatives in 2010 will focus on safety leadership, risk and change management and incident management and existing safety programs, initiatives and tools will be reviewed to ensure they are contributing to sustainable safety performance improvement.

Minara's environmental responsibilities are a major management and operational focus for the company. Its commitment to the principles and practices of good corporate and environmental citizenship are central to Minara's operational and financial performance.

The company invests considerable financial and human capital in a range of environmental activities including ongoing research to minimise the impact of Minara's operations.

The company continues to focus on aligning its Environmental Management System (EMS) with the ISO 14001 standards.

Minara's Environment, Approvals and Pastoral department is responsible for ensuring that Murrin Murrin meets or exceeds industry standards and regulatory obligations.

These activities include managing legislative compliance, minesite rehabilitation, ensuring the timely completion of works approvals with regulatory authorities, water management, emissions controls and overseeing Minara's pastoral leases.

Minara regards environmental management as every employee's responsibility. Environmental Awareness Training is a mandatory training program for all employees and contractors.

Environmental Focus Areas 2009

Major environmental priorities in 2009 were:

- mine rehabilitation and
- greenhouse and energy reporting.

Mine Rehabilitation

In 2009, rehabilitation at Murrin Murrin remained a focus for Minara despite the challenging economic conditions. The company continued the implementation of the Golden Gecko Award winning Key Performance Indicator (KPI) approach to achieving consistent quality rehabilitation outcomes. This approach enables ongoing cost reduction per hectare for rehabilitation.

In 2009 the Department of Mines and Petroleum (DMP) approved a three year trial of the KPI process. The KPI process and formal DMP approval have resulted in Minara providing a benchmark for excellence within the resource industry in mine rehabilitation.

Greenhouse and Energy Reporting

During 2009 Minara registered for the National Greenhouse and Energy Reporting program under the *National Greenhouse and Energy Reporting Act 2007*. This is the part of National Emissions Data reporting framework. Minara's participation complements the company's previous commitment to the Australian Government's Greenhouse Challenge Plus program that concluded in June 2009.

Minara completed its initial report under the Natural Greenhouse and Energy Reporting program and continues to review Murrin Murrin's energy production and consumption profile.

Biodiversity

The natural environment in which Murrin Murrin is located is both harsh and fragile. Maintaining biodiversity in this environment is a priority at all times.

Prior to the commencement of any works on site, Minara completes flora and fauna baseline studies to understand the impact operations may have on the region.

Minara systematically conducts specific flora and fauna surveys as well as regular vegetation health surveys within the borefields area. During 2009 surveys of Korong, Roy-Valais, Charlie and Grey Mare Borefields were completed and no deleterious effects were evident on native vegetation.

In addition, to protect native vegetation, bird life and animals the company undertakes various programs to reduce non-native species and their impact. This includes wild goats which can have a significant negative impact on native species.

Rehabilitation

Minara continues to implement effective rehabilitation programs following the successful KPI model for rehabilitation being adopted at Murrin Murrin.

During 2009, 115 hectares of rehabilitation was completed to the KPI rehabilitation standard. This included 60.5 hectares of calcrete quarry rehabilitation.

Erosion monitoring of existing waste landform rehabilitation was also undertaken in 2009 to assess stability performance. This was in addition to revegetation monitoring on rehabilitated waste landforms and the rehabilitated calcrete quarry areas.

Performance

Minara's key environmental performance indicators relate to the close-out of environmental audit actions. These audit actions result from quarterly compliance audits undertaken by the Environment department staff. The close out of these audit actions is tracked within Minara's Environment Management System database and reported to managers on their monthly scorecards.

The 2009 audit results have been positive and indicate an ongoing commitment to ensure environmental management is at the forefront of planning and operations at Minara.

Compliance

During 2009 there were no environmental non-compliance incidents at Murrin Murrin.

Consultation

Minara participates in a range of external meetings and briefings with stakeholders and maintains an ongoing link with various communities and stakeholders.

Minara convenes the Murrin Murrin Aboriginal Environmental Liaison Committee meetings every six months to provide local indigenous representatives with an update on the company's operations and to provide a forum for them to raise any issues or concerns in regards to operations at Murrin Murrin.

The Environment department undertakes regular visits to Kalgoorlie to update the Departments of Environment and Conservation (DEC), and Mines and Petroleum on environmental matters at Murrin Murrin.

Minara representatives, including senior Environment department employees also attend Laverton Shire Council meetings on a six-monthly basis to update the Shire on mine site activities.

In May 2009 officers from the regional DEC office conducted a site inspection. A site visit by members of the DEC's Perth Licensing Branch who were undertaking a Goldfields familiarising tour was hosted in July.

As part of the DMP's assessment of rehabilitation performance, two site inspections were conducted in 2009.

National Pollutant Inventory

Under the National Pollution Inventory (NPI) requirements Minara is required to report emissions on a financial year basis. Emissions for the 2008-09 NPI reporting period were generally lower than the previous corresponding period.

Energy

Management of energy use at Murrin Murrin is critical from an environmental as well as financial perspective.

Natural gas provides a large proportion of the energy across the site. By using a heat recovery steam generator to recover heat energy from the exhaust of the gas turbine, energy efficiency from natural gas is boosted considerably. Natural gas is also used as a feedstock for the hydrogen plant.

Significant quantities of energy are also produced as a by-product of acid production. This energy is used as steam to reduce reliance on natural gas.

A number of energy savings initiatives that also deliver emissions abatement commenced implementation in 2009. These include:

- replacement of the 3B acid economiser in the acid plant,
- introducing high density sludge into the solution neutralisation circuit, and
- density optimisation of the ore preparation circuit.

Water Conservation

Water is a scarce resource in the environment within which Murrin Murrin is situated and water management and conservation is major focus for Minara.

New water conservation strategies introduced in 2009 include:

- installing new water flow meters throughout the plant to enable improved water utilisation and water balancing,
- implementing improved pressure control in HPAL autoclaves reducing steam consumption and demineralised water usage,
- commencing work on density improvement projects in ore-leach, and
- increasing focus on consistent ammonium sulphate production which reduces demineralised water consumption.

Several water recycling initiatives were also introduced in 2009 including:

- test work commencing on expanding the water recovery from the evaporation ponds with the objective to decrease consumption of raw water by utilising the recycled and treated liquor in ore leach, and
- commencing test work on recycling recovered seepage water from the Tailings Storage Facility (TSF) for use in the heap leach area.

Water Use

During 2009, water use at Murrin Murrin decreased by 1.5 percent from 2008 to an average of 26.9 megalitres per day, and a total of 9,819 megalitres for the year. Water use efficiency is a priority and remains a key focus in 2010.

Water Monitoring

Minara has Sampling Measurement Analyses Plans (SMAPs) in place to ensure water sampling is conducted in accordance with AS 5667.1:1998. The SMAPs provide detailed water monitoring programs for Murrin Murrin, including monitoring objectives, schedules, locations, equipment, site safety issues, sampling and measurement protocols, sampling preservation requirements, and quality assurance / quality control requirements and guidelines.

The Australian and New Zealand Environment and Conservation Council Livestock Watering Guidelines (2000) have been adopted as a guide to provide an indication of the water quality at Murrin Murrin.

In 2009, surface water monitoring points at Murrin Murrin were checked on a monthly basis. Water monitoring is also conducted to monitor the water quality of creeks connected to the mine site after rain events. No detrimental impacts on the creek water quality have been detected as a result of the operations.

Tailings

In-pit deposition of tailings at Murrin Murrin has proven successful. Tailings are piped to a pit which is no longer required for mining, approximately one kilometre from the current TSF. This has delivered increased tailings storage capacity, additional drying and consolidation of tailings at the existing TSF and an opportunity to reduce surface area disturbance by filling a mining void which will eventually be rehabilitated.

Initial investigations into closure requirements for the paddock TSF at Murrin Murrin commenced in 2009. These investigations focused on the capping required for the TSF to achieve successful rehabilitation. Further work will be conducted in 2010.

Waste and Recycling

Waste management is an ongoing program for Minara both at Murrin Murrin and in the company's Perth offices.

At Murrin Murrin this includes fortnightly audits of the waste management contractor's operations, with inspection of the landfill, site skip bins and general areas. Performance is measured against a set of KPIs which are reviewed annually. Minara maintains a database of all recycled waste and waste disposed of at the landfill to monitor performance.

The company has recently implemented several new recycling initiatives including poly pipe, mobile phones (both business and personal for charity), can ring pulls for charity and used or expired Diphoterine cans. These initiatives are in addition to the scrap metal, timber pallet, waste hydrocarbon, printer cartridges, fluorescent tubes, personal protective equipment (PPE) and wet-cell battery recycling which continue as active initiatives at Murrin Murrin.

Procedures relating to the management and operation of the landfill facility, waste management and recycling initiatives are part of Murrin Murrin's EMS and form a critical part of Minara's Environmental Awareness Training program.

Minara is committed to delivering community benefits and outcomes across the northern goldfields and beyond. Ongoing funding priorities include access to education and training, regional infrastructure and economic development, and protection of indigenous culture and heritage.

Predominantly focused on the areas surrounding the Murrin Murrin operation, the company's community programs target local residents, community organisations and regional businesses through:

- consultation with a broad range of stakeholders,
- employment and business opportunities, and
- corporate assistance including the Minara Community Foundation and company donations.

In 2009 in connection with its operations the company paid approximately $10 million for wages and services provided by individuals and organisations from the Shires of Laverton, Leonora, Menzies, and the City of Kalgoorlie-Boulder.

Community Consultation

Throughout 2009 Minara actively engaged community groups, indigenous organisations, and government authorities to address community queries and to ensure all stakeholders were adequately informed of current and future plans.

The Murrin Murrin Aboriginal Environmental Liaison Committee meetings have been running since the project commenced and bring together indigenous representatives and the relevant government regulators and agencies from Perth and Kalgoorlie.

Two full-day workshops were held in 2009, with both the May and December sessions being held at the Laverton Leonora Cross-Cultural Association. The workshops continue to provide information on environmental compliance, sustainability reporting, updates on pastoral activities, summaries of future projects including proposed mining activities, and any current employment and training opportunities.

Minara maintains ongoing consultation with the Shire of Laverton and Shire of Leonora, neighbouring resource sector companies, local pastoralists, and other local stakeholders. In 2009, the General Manager of Operations took an active role in community relations activities by regularly attending events and maintaining an open dialogue with key stakeholders.

Business and Employment Opportunities

Under the Pastoral Training and Employment program, trainees work full-time on the four pastoral stations managed by the company. A competitive salary, on-the-job training, accommodation and all meals are provided to participants.

Minara continues to investigate opportunities for local indigenous persons at Murrin Murrin.

Two indigenous-owned businesses continue to successfully provide services at the Murrin Murrin operation. Burrna Yurral Aboriginal Corporation (BYAC) is a waste management contractor and also provides short-term labour hire services. SMC Vending has a business license for the shop at the Murrin Murrin village and the vending machines which can be found throughout the plant.

Education

In 2009 the company provided scholarship funds to an indigenous student from the northern goldfields. This enabled her to attend St Hilda's Anglican School for Girls in Perth as a boarder. The school provides a partial scholarship. Additional funds are supplied by government and Minara covers the remaining tuition costs, books, uniform, and other incidental items. The student successfully completed Year 11 in 2009 and the program continues into 2010 with the student in Year 12. The student's goal is to attend university in 2011.

In December 2009 the program was expanded to an additional student who has since commenced Year 8 under similar funding arrangements at St Mary's Anglican School for Girls in Perth.

Minara will continue to explore scholarship opportunities to provide pre-tertiary education for indigenous students from the northern goldfields.

The company acknowledges that the majority of indigenous children living in the region are schooled at the local facilities and Minara continues to support these institutions:

- In 2009, the Mt Margaret Remote School received in-kind support from Minara to bring a part-time teacher from Perth into the region on a weekly basis throughout the year to teach the pre-primary and younger children. The company also organised for high-school aged vocational students to fly into the region to speak with local children about traineeships and apprenticeships.
- Minara provided the Leonora District High School funding to assist with the school's sports programs.
- Minara donated funds to the Laverton School to offset the school's cost in ensuring all students have uniforms.
- Minara also provided the Mt Margaret Remote School, the Leonora District High School, and the Laverton School with additional in-kind support including catering and regional flights to assist in their daily activities.

Regional Community Support

Minara limited its sponsorship and donations programs in 2009 to existing programs with our long term regional partners. Ongoing support in 2009 included:

- $27,000 to the Shire of Laverton as a part contribution to the retention subsidy paid to the local doctor,
- $30,000 for the Laverton Leonora Cross Cultural Association for the training of local indigenous persons and administration costs associated with running the Laverton Outback Gallery specialising in local indigenous art,
- financial and in-kind donations to local shires and other community groups for programs that benefit the region, and
- hire of vehicles for remote Aboriginal Communities to attend events in Perth and Kalgoorlie.

The Minara Community Foundation

The Minara Community Foundation was established in 2007, with an initial contribution of $1 million and an annual contribution of $250,000 per financial year for an additional five years, to provide long-term benefits to the people of the northern goldfields.

The initial Foundation capital has been invested. The annual contribution plus a portion of the return on investment is to be made available as grants to the community through a formal application process by interested groups.

During 2009 the Minara Community Foundation announced the second allocation of funds in support of community projects. A total of 19 applications for funding were received in 2009.

The successful six projects were:

- $50,000 to the Shire of Leonora, in support of the Leonora Golden Gift community and sporting carnival,
- $20,000 towards the restoration costs of the heritage listed People's Church in Kalgoorlie, predominantly used by the region's indigenous persons,
- $15,000 to the Karlkurla Language & Culture Aboriginal Corporation's Language Maintenance program, aimed at recording and preserving the Wongi language,
- $10,000 to the Burnna Yurrul Aboriginal Corporation to replace a truck engine to ensure the continuation of maintenance to community housing, provide local workers with opportunities and decrease reliance on outside contractors,
- $8,000 to the Leonora Bush Mission for the 'Holiday Club', a five-day program open to all young persons in the Shire of Leonora, offering a range of meaningful health, cultural, community development and recreation activities, and
- $5,000 to 'Vibe Alive' towards the costs of a two-day education and performance festival for young Australians held in Kalgoorlie in August.

In early 2009 the Foundation's Local Advisory Committee, consisting of community members and Minara employees, decided to invest the remainder of the 2009 annual contribution to grow the endowment.

The Minara Community Foundation's partnership structure aligns its governance and administration with that of Western Australian Community Foundation, which acts as an independent non-profit organisation to oversee the Foundation's activities. The Foundation will exist in perpetuity, with local communities and future generations benefiting beyond the life of Minara's Murrin Murrin mine.

Volunteering and Fundraising

Throughout the year Minara employees directly contribute to fundraising initiatives and community projects.

In 2009, through an employee giving program, Minara employees donated $12,570 to the Australian Red Cross Victorian Bushfire Appeal. Minara provided an additional donation of $10,000 for a total contribution of $22,570.

A company donation of $10,000 was also provided to the Royal Flying Doctor Service.

The light-vehicle workshop at Murrin Murrin continues to service the Leonora District High School bus and several vehicles owned by local indigenous organisations.

5 YEAR SUMMARY

	Unit of measure	2009	2008	2007	2006	2005
Production (Packaged) MMJV 100% (MRE share 60%)						
Nickel	tonnes	32,977	30,514	27,585	31,524	28,240
Cobalt	tonnes	2,350	2,018	1,884	2,096	1,750
MRE Financial Data						
Sales revenue	$million	446.1	425.4	783.4	751.9	361.4
Profit /(loss) for the year	$million	48.5	(19.8)	270.5	337.2	43.8
Earnings per share (basic) - restated	cents	4.16	(3.7)	53.2	66.2	8.4
Return on shareholders' equity	per cent	5.6	(2.4)	38.5	44.6	8.8
Dividends declared for the period	$million	–	–	186.3	267.4	46.4
Dividends per share	cents	–	–	40	57.5	10
Dividend cover	times	–	–	1.46	1.27	0.94
MRE shareholders' equity	$million	866.5	815.0	702.0	755.0	497.1
Total assets	$million	1,045.5	1,014.2	964.3	1,047.6	714.4
Borrowings	$million	–	–	–	24.2	37.7
Capital Expenditure						
Fixed assets	$million	4.9	77.5	114.3	53.6	62.7
Other Data						
Number of shareholders		12,198	11,477	10,070	6,419	7,321
Number of shares on issue	million	1,167.8	1,167.8	465.1	465.1	465.1
Share price						
High	$	1.18	6.69	9.53	6.43	2.32
Low	$	0.26	0.27	4.60	1.87	1.61

DIRECTORS' REPORT AND CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

The directors present their report, together with the financial report of Minara Resources Limited (the company) and the consolidated financial report of the Consolidated Entity, being the company and its controlled entities, for the period ended 31 December 2009, together with the auditor's report thereon.

DIRECTORS

The directors of the company serving during the period and at the date of this report are:

Peter Coates	(Non-executive Director and Chairman)
Peter Johnston	(Managing Director & Chief Executive Officer)
John Morrison	(Non-executive Director)
Ivan Glasenberg	(Non-executive Director)
Willy Strothotte	(Non-executive Director)
Malcolm Macpherson	(Non-executive Director)
Markus Ocskay	(Alternate Non-executive Director)

PRINCIPAL ACTIVITIES

The principal activities of the company during the period were the operation of the Murrin Murrin Nickel/Cobalt Project (the Project or the Joint Venture or Murrin Murrin), involving the mining and processing of laterite ore to produce nickel and cobalt, exploration for nickel directly and in joint ventures with third parties and research and development of nickel/cobalt heap leaching and other hydrometallurgical methods of nickel extraction.

DIVIDENDS

No dividends were paid during the period.

This compares with a fully franked final dividend of 15 cents per share paid to shareholders on 25 March 2008 in respect of the financial year ended 31 December 2007.

There was no dividend declared or proposed for the financial year ended 31 December 2009.

REVIEW OF OPERATIONS AND RESULTS

Consolidated Entity's Financial Results ($ million)

	12 Months Ended 31 December 2009	12 Months Ended 31 December 2008
Revenue from operations	446.1	425.4
Gross profit	68.4	8.4
Profit/(Loss) before tax	37.3	(26.9)
Profit/(Loss) for the year	48.5	(19.8)
Nickel production (tonnes)	19,786	18,308

For the 12 months ended 31 December 2009, the company recorded a consolidated gross profit of $68.4 million (2008: $8.4 million) and a profit for the year of $48.5 million (2008: loss $19.8 million) after allowances and write-downs of $8.0 million (2008: $8.7 million).

Cash and cash equivalents on hand at 31 December 2009 was $247.1 million (2008: $142.5 million).

Shareholders' equity (consolidated) increased from $815 million at 31 December 2008 to $867 million at 31 December 2009 after taking into account earnings during the period.

CORPORATE

At the date of this report, the major shareholder of the company is Glencore International AG (Glencore) with a 70.63% shareholding.

Operations

Production at Murrin Murrin for the 12 months to 31 December 2009 was 32,977 tonnes of nickel (2008: 30,514 tonnes) and 2,350 tonnes of cobalt (2008: 2,018 tonnes). Both represent records for the Murrin Murrin project. The company's share is 60%.

During the first half of 2009, 15,604 tonnes of nickel and 1,084 tonnes of cobalt were produced. During the second half of 2009, 17,373 tonnes of nickel and 1,266 tonnes of cobalt were produced.

The plant has operated on a consistent production platform in line with budgets. During 2009 planned maintenance occurred as scheduled and emergent maintenance tasks were completed as required.

Capital Program

During 2009 Minara did not commence any new major projects. Capital expenditure incurred in 2009 was $5.4 million (Minara share).

Sustaining capital projects included an upgrade to the village power generation units, additional work on the refinery wet metals circuit, and a south-cell tailings storage facility lift.

The remaining expenditure was incurred on previously deferred projects. It is currently proposed that these projects will be completed in 2010. The works include the high density sludge project (HDS), the sixth reduction autoclave for the refinery, and stage two of in-pit tailings deposition. A summary of each, including any 2009 expenditure, is as follows:

HDS

The HDS project is aimed primarily at increasing ore leach throughput. This project was in full construction up until the last quarter of 2008 when further work on the project was suspended due to the then deteriorating economic and market conditions. In late 2009 the initial preparation for recommissioning work on the project commenced. The 2009 project cost was $0.4 million (Minara share). It is expected that the project will be completed in the fourth quarter of 2010.

Sixth Reduction Autoclave

This project will deliver a sixth reduction autoclave unit which will operate in parallel to the existing five reduction vessels in the refinery's nickel circuit.
In 2009 the autoclave was delivered to Murrin Murrin and installed on its foundations. Long lead items such as valves and agitators were also ordered during the reporting period. Further installation and integration activities are scheduled for approval in 2010. The 2009 project cost was $0.3 million (Minara share).
It is expected that the project will be completed in the fourth quarter of 2010.

In-Pit Tailings Deposition

This project delivers operating flexibility via discharging of tailings into completed mining pits to complement the existing tails cells' operation, allowing for a reduction in cost of tailings disposal along with flexibility provided for the tails cell lift requirements. Stage one of the project was successfully commissioned in December 2008 and has operated to design specification throughout the reporting period. The schedule for stage two proposes to complete the required construction to bring an additional pit void on-line for in-pit deposition during 2010. The 2009 project cost was $0.3 million (Minara share).

Heap Leach Project

During 2009, the Heap Leach facility continued to produce positive results. A total of 249,747 dry tonnes of scats (reject material from the ore processed for high pressure acid leaching) was stacked during the year on pads seven and eight, and pad one was partly re-stacked.

Production was higher than forecast with 1,473 tonnes of nickel and 124 tonnes of cobalt attributed to the Heap Leach facility.

The project continues to achieve its technical targets. On a project to date basis, 52% of the nickel metal contained in the stacked ore and scats has been dissolved and processed.

Exploration

- The Irwin Hills – Coglia Well JV (Murrin Murrin JV 60%) project contains an Inferred and Indicated resource of 17.9 million tonnes at 1.07% nickel and 0.13% cobalt at a 0.8% nickel cut-off. Activities during the year focused on reducing the tenure size and prioritising sulphide nickel targets.
- The Bardoc Nickel JV (Minara Resources 100%) project is located south of the Scotia Nickel sulphide deposit and is considered prospective for Scotia style nickel sulphide mineralisation. Sulphide targets have been re-prioritised and a drilling program is planned in 2010.
- The Mt Margaret (Murrin Murrin JV 100%) project contains significant upgradeable nickel laterite mineralisation. Studies assessing the viability of a processing route have re-commenced in 2010.
- The Weld Range JV (Minara Resources 75%) project interest was divested to a subsidiary of Dragon Mining Limited.

Health and Safety

The company's safety performance is measured by Lost Time Injury Frequency Rate (LTIFR) and Disabling Injury Frequency Rate (DIFR).

The combined LTIFR/DIFR 12 month rolling average for December 2009 was 2.71 (2008: 3.83).

The DIFR 12 month rolling average to 31 December 2009 was 0.77 (2008: 1.64). The LTIFR 12 month rolling average to 31 December 2009 was 1.93 (2008: 2.46).

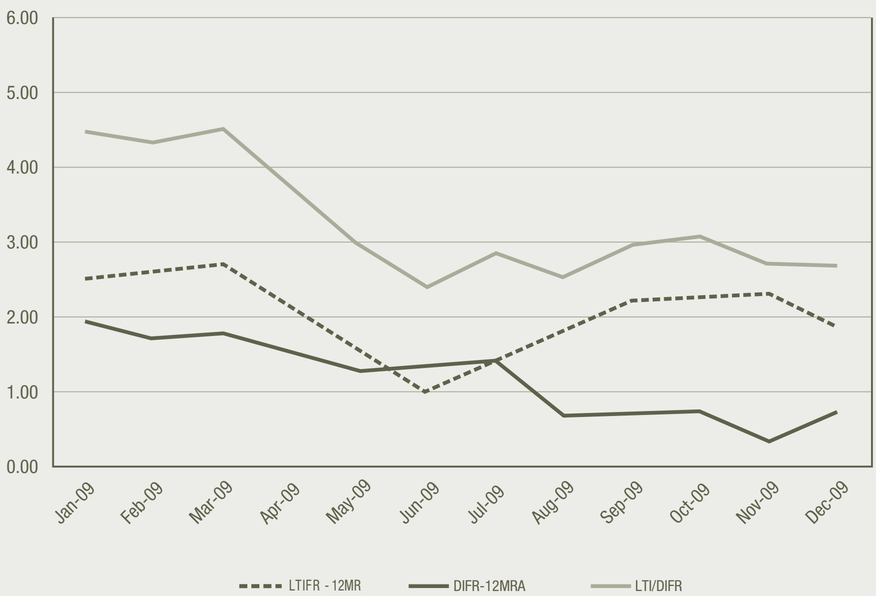
There has been a significant improvement in the trend in both DIFR and LTIFR from 2008 to 2009.

Environment

During 2009 the Consolidated Entity had no environmental incidents reportable to regulatory authorities.

Figure 1

MINARA RESOURCES MURRIN MURRIN INJURY FREQUENCY RATES FOR ALL EMPLOYEES 12 MONTH ROLLING AVERAGE



METAL MARKETS

Nickel and cobalt prices were volatile during 2009 as shown in Figures 2 and 3.

During 2009 LME nickel stocks increased from 78,390 tonnes to 158,010 tonnes. Despite these high stock levels the global demand for nickel showed signs of recovery in the second half of the year. The increased demand for nickel was primarily attributed to an improvement in the stainless steel market in China. Throughout the reporting period the stainless steel markets of the USA and Europe remained soft.

Nickel prices started the year at US$12,710/tonne, peaking at US$21,070/tonne in August before ending the year at US$18,480/tonne. Despite their volatility, cobalt prices had an upwards trend during the year. The cobalt price commenced the reporting period at US$10.50/pound before closing at US$19.75/pound.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than as reported there were no significant changes in the state of affairs of the Consolidated Entity during the period.

EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to the reporting period, pursuant to a deed of settlement, the matter in relation to the claim by the Goolburthunoo Native Title Group and the NEIB has been settled. The terms of the settlement are confidential but have been finalised on terms satisfactory to the parties.

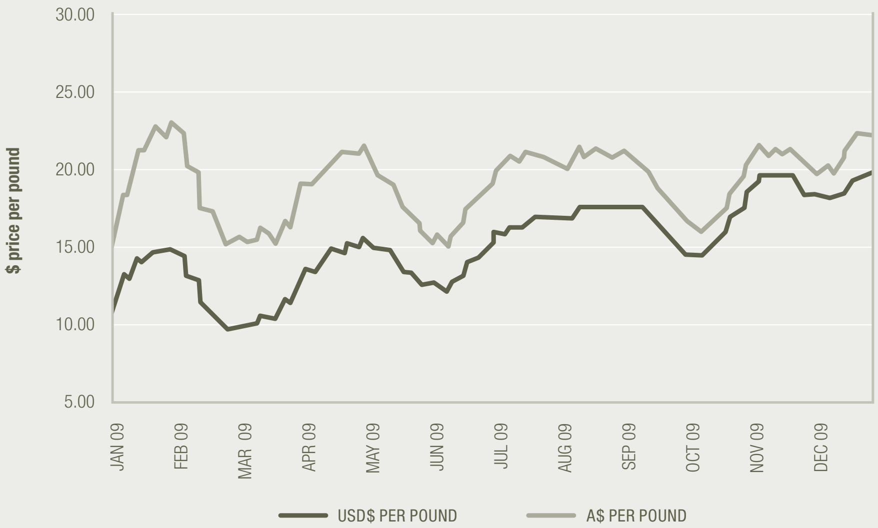
Other than as mentioned above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the company, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity, in future financial years.

Figure 2

DAILY NICKEL CASH PRICE – LONDON METAL EXCHANGE

Figure 3

COBALT PRICE – METAL BULLETIN 99.3% LOW PRICE



LIKELY DEVELOPMENTS AND FUTURE RESULTS

The Consolidated Entity will continue to focus on improving the performance of the Project with a view to delivering maximum value to all shareholders.

ENVIRONMENTAL REGULATION

The company's environmental management, monitoring and reporting obligations are imposed under local, state and Commonwealth legislation. The key legislation governing the Project includes, but is not limited to, the *Mining Act 1978* (WA), the *Environmental Protection Act 1986* (WA), the *National Greenhouse and Energy Reporting Act 2007* (Cth) and the *Energy Efficiency Opportunities Act 2006* (Cth).

Minara assessed 90% of its energy use during 2008 and submitted its first public report in December 2008 and its second public report in December 2009, to ensure compliance with mandatory reporting requirements under the *Energy Efficiency Opportunities Act.* Minara also submitted its first National Greenhouse and Energy Report for the reporting period 1 July 2008 to 30 June 2009 in accordance with the *National Greenhouse and Energy Reporting Act.*

All environmental performance obligations during the period were monitored by the Risk Management & Compliance Committee and carried out by the on-site Environment department. The company has a policy of ensuring that all activities are in accordance with regulatory requirements.

INFORMATION ON DIRECTORS

The directors of the company at any time during or since the end of the financial period, including the qualifications and experience of directors serving at the date of this report, are:

Peter Coates AO – Age 64
BSc (Mining Engineering)
Chairman
Independent Non-executive Director

Non-executive director since April 2008, Mr Coates was appointed Chairman on 9 May 2008. He is also Chairman of the Nomination & Remuneration Committee.

Mr Coates is currently non-executive director and Chairman of Santos Limited and non-executive director of Amalgamated Holdings Limited.

Until December 2007, Mr Coates was the Chief Executive Officer of Xstrata Coal, Xstrata plc's global coal business. He retired as Chairman of Xstrata Coal in June 2009.

Mr Coates is a member of the NSW Minerals Advisory Council and a past Chairman of the Minerals Council of Australia, the NSW Minerals Council and the Australia Coal Association. He was a member of the APEC 2007 Business Consultative Group and the 2007 Emissions Trading Task Group.

Peter Johnston – Age 58
BA, FAusIMM, FAICD
Managing Director & Chief Executive Officer

Managing Director & Chief Executive Officer since 28 November 2001, Mr Johnston was formerly employed by WMC Resources Ltd from 1993 to 2001. During that period he held the position of Executive General Manager and at various times was responsible for the nickel and gold operations, Olympic Dam Operations, Queensland Fertilizers Ltd and human resources. He has also held senior positions with Lion Nathan Australia and Alcoa of Australia Limited.

Mr Johnston is Chairman of the Nickel Institute, Vice Chairman of the Minerals Council of Australia, an Executive Council member and past President of the Chamber of Minerals and Energy (WA), and a director of the Australian Mines and Metals Association.

Mr Johnston is currently a director of Emeco Holdings Limited and Silver Lake Resources Limited.

Ivan Glasenberg – Age 53
B.Acc, MBA (USC), CA.SA
Non-executive Director

Non-executive director since December 2000 as a nominee of Glencore International AG (Glencore), Mr Glasenberg is also a member of the Nomination & Remuneration Committee.

Mr Glasenberg joined Glencore in 1984 and was appointed Chief Executive Officer of Glencore on 2 January 2002. He became the Head of Coal in 1990 after having worked in the coal department in South Africa for three years and in Australia for two years. He managed Glencore's Hong Kong office during the period 1988-1989. Prior to joining Glencore, he worked for five years at Levitt Kirson Chartered Accountants. Mr Glasenberg has been a director of Glencore and a member of its Board since June 2001.

Mr Glasenberg is also a director of Xstrata plc and United Company RUSAL plc.

Willy Strothotte – Age 65
Non-executive Director

Non-executive director since May 2001 as a nominee of Glencore, Mr Strothotte is Chairman of Glencore. From 1961 to 1978 Mr Strothotte held various positions with responsibility for international trading in metals and minerals in Germany, Belgium and the USA. In 1978 Mr Strothotte joined Glencore, taking up the position of Head of Metals and Minerals in 1984.

Mr Strothotte was appointed Chief Executive Officer of Glencore in 1993 and held the combined positions of Chairman and Chief Executive Officer from 1994 until 2001.

Mr Strothotte is director and Chairman of Xstrata plc, a director of Century Aluminum Corporation and a director of KKR Financial Holdings LLC.

John Morrison – Age 47
BE (Hons), MBA, MAusIMM, MAICD
Independent Non-executive Director

Non-executive director since December 1999, Mr Morrison is currently Chairman of the Audit Committee and a member of the Risk Management & Compliance Committee and the Nomination & Remuneration Committee.

Mr Morrison is an executive director of Grant Samuel, a leading independent investment bank. He has broad experience in the finance and natural resources industry and since 1990 has been involved in providing advice to corporations in mergers, acquisitions, valuations, restructurings, financing and capital management. Prior to this he worked in engineering and construction in Australia and in the United Kingdom.

Mr Morrison is also a non-executive director and Chairman of HFA Accelerator Plus Limited.

Malcolm Macpherson – Age 65

BSc (Canterbury), Cert.Acctg, FAICD, FAusIMM, FTSE

Independent Non-executive Director

Non-executive director since April 2002, Mr Macpherson is the chairman of the Risk Management & Compliance Committee and a member of the Audit Committee and the Nomination & Remuneration Committee.

Before joining the Board, Mr Macpherson was Managing Director & Chief Executive Officer of Iluka Resources Limited, a major West Australian resources company. In addition to his previous board appointments, Mr Macpherson served as Senior Vice President of the Minerals Council of Australia in 2000 and as President of the Chamber of Minerals and Energy (WA) between 1990 and 1994. He is also Chairman of the Cooperative Research Centre for Sustainable Resource Processing.

Mr Macpherson is also a director of Titanium Corporation Inc, Range River Gold Limited and director and Chairman of Pluton Resources Limited.

Markus Ocskay – Age 42

MBA (Switzerland)

Alternate Non-executive Director

Mr Ocskay was appointed the alternate non-executive director for Mr Strothotte on 29 December 2008 and is a member of the Audit Committee and the Risk Management & Compliance Committee.

Mr Ocskay joined Glencore in 1998 to focus on corporate finance projects, debt capital market transactions and investor/public relations. Prior to joining Glencore, Mr Ocskay worked for UBS in the Structured Finance division in Zurich, London and Sydney.

COMPANY SECRETARY

Cynthia Sargent – Age 45

BSL, JD

Ms Sargent was appointed Company Secretary and General Counsel of Minara with effect from 10 January 2008. She is also secretary to the various Board committees. Prior to joining the company Ms Sargent was a partner at Clayton Utz.

Table 1: Directorships of other listed companies

Name	Company	Period of Directorship
P Coates	Santos Limited*	2008 – present
	Amalgamated Holdings Limited	2009 – present
	Downer EDI Limited	2008 – 2009
	Cumnock Coal Limited**	1994 – 2008
	Jubilee Mines NL	February 2008 – April 2008
P Johnston	Emeco Holdings Limited	2006 – present
	Silver Lake Resources Limited	2007 – present
I Glasenberg	Xstrata plc	2002 – present
	United Company RUSAL plc	2010 – present
W Strothotte	Xstrata plc****	2002 – present
	Century Aluminum Corporation	1996 – present
	KKR Financial Holdings LLC	2007 – present
J Morrison	HFA Holdings Limited	2006 – 2007
	HFA Accelerator Plus Limited***	2004 – present
M Macpherson	Titanium Corporation Inc.	2005 – present
	Range River Gold Limited	2008 – present
	Pluton Resources Limited****	2009 – present
	Portman Limited	2003 – 2008
	Azumah Resources Limited****	2005 – 2006

* Chairman since 9 December 2009
** Managing Director from 1999 to 2008
*** Chairman from 2004 to 2007, 2009 to present
**** Chairman

MEETINGS OF DIRECTORS

The number of directors' meetings and committee meetings attended by each of the directors of the company during the year to 31 December 2009 are shown in Table 2.

Table 2: Directors' and committee meetings 2009

Directors	Directors' Meetings		Audit Committee Meetings		Risk Management & Compliance Committee Meetings		Nomination & Remuneration Committee Meetings	
	Attended	Eligible to Attend(1)	Attended	Eligible to Attend(1)	Attended	Eligible to Attend(1)	Attended	Eligible to Attend(1)
P Coates	7	7	-	-	-	-	2	2
P Johnston	7	7	-	-	-	-	-	-
J Morrison	7	7	3	3	3	3	2	2
I Glasenberg	7	7	-	-	-	-	2	2
W Strothotte	4	7	-	-	-	-	-	-
M Macpherson	7	7	3	3	3	3	2	2
M Ocskay(2)	3	3	3	3	3	3	-	-

(1) Reflects the number of meetings held during the time the directors held office during the year that the respective director was eligible to attend as a member.
(2) Directors' meetings attended by Mr M Ocskay were in his capacity as an alternate director for Mr W Strothotte.

REMUNERATION REPORT

(Pages 23 to 33) – AUDITED

Nomination & Remuneration Committee

The Board is responsible for overseeing the remuneration policy and practices of the company and its subsidiaries (the Group) and the selection and appointment of directors and senior management.

The role of the Nomination & Remuneration Committee is to make recommendations to the Board in relation to:

- the Group's overall remuneration strategy;
- the remuneration, superannuation, recruitment, retention and termination arrangements, policies and procedures for the Chief Executive Officer, non-executive directors and senior management;
- the necessary and desirable competencies of directors;
- review of Board succession plans;
- the development of a process for evaluation of the performance of the Board, its committees and directors;
- the appointment and re-election of directors; and
- the appointment of the Company Secretary and Chief Financial Officer.

All members of the Committee are non-executive directors. The members at the date of this report are Mr Coates (Chairman), Mr Glasenberg, Mr Morrison and Mr Macpherson. The Company Secretary acts as secretary to the Committee.

The Remuneration Committee met twice during 2009.

The Committee complies with the Principles of Good Corporate Governance and Best Practice Recommendations set out in the Listing Rules of the Australian Securities Exchange.

REMUNERATION PRINCIPLES

The Board and the Nomination & Remuneration Committee recognise that the Minara companies must offer competitive remuneration to attract, retain and motivate people of the highest calibre.

The remuneration package for executives and senior management comprises base salary, site allowance (if applicable), short and long-term incentive plans and superannuation benefits. The survival and success of Minara will be heavily dependent on the ability of the executive and senior management team at Minara to deliver results over the short to medium term. The variable (at risk) pay structure for this group assists with the following objectives:

- provide a focus on the key business success factors for the next 12 – 18 months;
- provide an opportunity for executives to share in the success of Minara;
- aid in the retention of critical executive skills in a challenging work environment; and
- provide competitive overall reward for successful performance while limiting the growth in fixed pay.

The future success of Minara's operations and its ability to deliver superior returns to its shareholders is to a large extent influenced by the quality and depth of management that it is able to attract and retain.

Accordingly, the Board has implemented a remuneration policy at Minara that is designed to attract, retain, motivate and align its executives ensuring that the business generates strong returns on both the equity and capital employed in its operations.

The remuneration of an executive or manager for performance is linked to the annual business performance of the company via a Short Term Incentive Scheme (STI Scheme) and to the ability of the company to generate competitive rates of return from a shareholder perspective via the Long Term Incentive Scheme (LTI Scheme). The LTI Scheme provides incentives based on superior total shareholder returns versus a group of comparable companies.

A summary of the Consolidated Entity's five year performance is shown in Table 3.

Table 3: Minara five year performance

Per Share	31-Dec-04	31-Dec-05	31-Dec-06	31-Dec-07	31-Dec-08	31-Dec-09
Basic earnings per share (cents)		8.41	66.21	53.24	(3.70)	4.16
Number of shares on issue (million) – at year end		465	465	465	1,168	1,168
Closing share price (cents)	185	190	585	623	28.5	81
Capital return (cents)		-	-	-	-	-
Dividends declared in respect of the period (cents)		10.0	57.5	40.0	-	-
Total changes in shareholder value (cents)		**15.0**	**452.5**	**78.0**	**(594.5)**	**52.5**

Basic earnings per share for the years 2008 and prior were re-stated for the effects of the bonus element relating to the fully renounceable pro-rata rights issue made in 2008 (refer to Note 18 to the Financial Statements).

REMUNERATION STRUCTURE

This report discloses remuneration details for the Managing Director & Chief Executive Officer, non-executive directors and executives.

Remuneration of Executives

Remuneration for executives is comprised of:

- fixed remuneration, which is made up of base salary, superannuation, site allowance (where applicable), medical allowance together with other salary sacrifice items such as novated leases and car parking (with fringe benefits tax obligations being met by the relevant employee); and
- variable remuneration, which is linked to the performance of the company and the relevant executive.

The remuneration structure is designed to reflect an appropriate balance between fixed and variable remuneration to ensure that the company's executives are rewarded in a manner which aligns with the

Consolidated Entity's performance.

Fixed Remuneration

Base Salary

Base salaries are determined by reference to the size and influence of the role, and the executive's performance and experience. Comparative data is also obtained from a group of Australian companies within the resources sector with similar operating revenues and market capitalisation. Base salaries are reviewed in December each year.

Site Allowance

Site allowance is a fixed cash component of all site-based employees' remuneration. This cash component was $17,000 per annum up to 31 December 2009 and is included as part of an employee's total salary. From 1 January 2010 the allowance increased to $18,000 per annum.

Medical Allowance

Medical allowance is a component of an employee's total salary. Each employee receives a medical allowance of $1,500 per annum. If an employee has private family medical cover, they are eligible to receive $3,000 per annum. This allowance is a fixed cash component.

Superannuation

Minara has established accumulation superannuation accounts for its employees. With effect from 1 January 2007, the company contributes 12% of an individual's total salary.

Variable Remuneration

During 2009, executives, other than the Managing Director & Chief Executive Officer, were entitled to participate in the STI Scheme and LTI Scheme and certain executives received retention bonuses pursuant to their personal service agreements which were entered into in 2008 or earlier.

The STI Scheme aims to align executives' rewards with the company's physical performance and the LTI Scheme aims to align executives' rewards with the interests of shareholders through the company's market performance. The STI Scheme was suspended from March to June 2009 as a result of the poor nickel market. The STI Scheme was reinstated in July 2009 when market conditions improved.

Tables 11 and 13 set out the STI and LTI awards received by disclosed executives during 2009 as a percentage of total remuneration.

SHORT TERM INCENTIVE SCHEME

The Board approved the company's STI Scheme in June 2005 and amended it in January 2007.

Other than the Managing Director & Chief Executive Officer, every permanent employee is entitled to participate in the STI Scheme. However, the level of opportunity for reward of nominated executives and managers is determined by an individual's role within the company and his or her capacity to affect the business of the company.

Performance criteria relating to production and costs form the basis of the STI Scheme. The performance criteria set are consistent for all participants in the STI Scheme and are designed to optimise operational performance, returns on capital and shareholder equity, together with safe operating practices. The criteria are tracked and reported on throughout the operation on a daily basis.

Table 4: Targets and at risk payment STI Scheme

	Bronze	Silver	Gold
At risk	Up to 67% of Incentive Entitlement	Up to 83% of Incentive Entitlement	Up to 100% of Incentive Entitlement

Any award made under the STI Scheme, including those made to the disclosed executives during the period, is in the form of cash and is subject to standard taxation.

STI Scheme 2009

In 2009, monthly production and costs criteria were set for each of the bronze, silver and gold targets. Performance criteria were measured on a monthly basis. No award was payable for a month in the event that the bronze target was not met and no additional payment was made if the gold target was exceeded.

During 2009, the maximum STI award available to the disclosed executives was reduced to a maximum of 30% of fixed remuneration.

The STI Scheme was suspended from March to June 2009 as a result of the poor nickel market. The STI Scheme was reinstated in July 2009 when market conditions improved.

STI Scheme 2010

Consistent with the 2009 STI Scheme, performance criteria of production and costs continue to be set and measured on a monthly basis.

During 2010, the maximum STI award available to the disclosed executives is 30% of fixed remuneration.

LONG TERM INCENTIVE SCHEME

In June 2003 the Board approved the implementation of a long term incentive scheme pursuant to which, subject to the satisfaction of certain performance criteria, nominated executives would be entitled to receive options to acquire shares in the company. In 2006, 2008 and 2009 the Board approved amendments to the LTI Scheme to better align potential rewards with the company's market performance.

The intention of the scheme is to:

- encourage executives to focus on longer term company performance;
- strengthen the link between company performance and executive reward;
- aid retention of key executives; and
- deliver a competitive remuneration package for executives in line with the company's target market position.

2008 LTI Scheme

Executives and nominated employees were invited to participate in the 2008 LTI Scheme. The 2008 LTI Scheme was substantially the same as the 2007 LTI Scheme.

The invitations sent to executives and nominated employees set out the rules of the LTI Scheme which had previously been approved by the Board in June 2003 and amended in 2008 and included the performance criteria for the award of performance rights. The maximum number of performance rights at risk for each participant was determined by an individual's role within the company and his or her capacity to affect the business of the company. The maximum number of performance rights to which each participant was entitled was determined by a specified percentage of that participant's salary divided by $6.16, being the volume weighted average price of the company's share price for the last five trading days up to 31 December 2007.

During 2008 the maximum LTI award available to the Chief Financial Officer, the General Manager Operations and the Projects Director was 80% of fixed remuneration with a maximum incentive of 60% of fixed remuneration available to other disclosed executives.

The key terms of the performance rights under the 2008 LTI Scheme were as follows:

- each performance right is personal and non-assignable;
- holders of performance rights are not entitled to participate in new issues of securities offered to shareholders other than a bonus issue;
- the performance rights are subject to the satisfaction of certain performance hurdles;
- the performance rights will not vest before 1 January 2010;
- the performance rights do not attract the benefit of share ownership including dividend or voting entitlements prior to vesting;
- the performance rights have a nil exercise price;
- shares will be issued at a nil exercise price on or around 1 January 2010 following satisfaction of the performance hurdles; and
- the directors may, notwithstanding the satisfaction of any performance or other hurdles, at any time prior to shares being allotted on vesting of the performance rights or options to a participant, determine that all performance rights and options granted on a particular date will lapse.

The principal performance hurdle related to the total shareholder return of the company, when ranked against a comparator group of companies, over the period 1 January 2008 to 31 December 2008. The comparator group of companies is set out in Table 5.

For the purposes of the 2008 LTI Scheme, total shareholder return (TSR) is defined as the percentage difference between the market price of the relevant shares at the start and end of the reporting period plus dividends and all other returns or payments to shareholders over the same period. It therefore measures both capital growth in share price together with income returned to shareholders. This is measured on a relative basis against the comparator group of companies.

Table 6 lists the performance target that applied and the percentage of the maximum number of performance rights that were at risk.

If the minimum performance criteria were satisfied for the 2008 LTI Scheme, and subject to the directors' approval, performance rights would have been granted to participants as soon as practicable after 1 January 2009. However, shares would only have been issued on or around 1 January 2010 and only if the relevant participant remained employed by the group at that time.

As the minimum performance criteria were not satisfied during the period 1 January 2008 to 31 December 2008, no performance rights were granted and no shares were issued pursuant to the 2008 LTI Scheme.

Table 5: 2008 Comparator group of companies

Security	Description
AWC	Alumina Limited
AVO	Avoca Resources Limited
CBH	CBH Resources Limited
CMR	Compass Resources Limited
CRT	Consolidated Rutile Limited
CUO	Copperco Limited
ERA	Energy Resources of Australia Limited
GBG	Gindalbie Metals Limited
ILU	Iluka Resources Limited
IGO	Independence Group NL
KZL	Kagara Limited
LYC	Lynas Corporation Limited
MIS	Midwest Corporation Limited
MRE	**Minara Resources Limited**
MCR	Mincor Resources NL
MOL	Moly Mines Limited
MGX	Mount Gibson Iron Limited
MMX	Murchison Metals Limited
NCM	Newcrest Mining Limited
OXR	Oxiana Limited
PNA	Pan Aust Limited
PEM	Perilya Limited
SMY	Sally Malay Mining Limited
SRL	Straits Resources Limited
WSA	Western Areas NL
ZFX	Zinifex Limited

2009 LTI Schemes

Executives and nominated employees were invited to participate in the 2009 Transition LTI Scheme and the 2009 LTI Scheme. The 2009 Transition LTI Scheme is substantially the same as the 2008 LTI Scheme except that the TSR performance hurdle has been extended from one year to two years. Under the 2009 LTI Scheme the TSR performance hurdle has been extended to three years.

The invitations sent to executives and nominated employees set out the rules of the LTI Scheme which had previously been approved by the Board in 2003 and amended in 2008 and included the performance criteria for the award of performance rights. The maximum number of performance rights at risk for each participant was determined by an individual's role within the company and his or her capacity to affect the business of the company. The maximum number of performance rights to which each participant was entitled was determined by a specified percentage of that participant's salary divided by $0.865, being the volume weighted average price of the company's share price for the last five trading days up to the date of the offer.

The maximum LTI award available to the disclosed executives for each of the 2009 LTI Transition Scheme and the 2009 LTI Scheme is 40% of fixed remuneration.

The other differences in the key terms of the performance rights granted under the 2009 LTI Schemes from the key terms of the 2008 LTI Scheme are as follows:

- under the 2009 Transition LTI Scheme, performance rights will not vest before 1 January 2011;
- under the 2009 LTI Scheme, performance rights will not vest before 1 January 2012;
- under the 2009 Transition LTI Scheme shares will be issued at a nil exercise price on or around 1 January 2011 following satisfaction of the TSR performance hurdles; and

Table 6: 2008 LTI Scheme target

Performance Target	Below 50th Percentile	Ranking at or above 50th percentile	Ranking at or above 60th percentile	Ranking at or above 75th percentile
TSR	Nil	50%	70%	100%

- under the 2009 LTI Scheme, shares will be issued at a nil exercise price on or around 1 January 2012 following satisfaction of the TSR performance hurdles.

The TSR performance hurdle relates to the total shareholder return of the company, when ranked against a comparator group of companies, over the period 1 January 2009 to 31 December 2010 for the 2009 Transition LTI Scheme and 1 January 2009 to 31 December 2011 for the 2009 LTI Scheme. The comparator group of companies for the 2009 Schemes is set out in Table 7.

The performance target that applies and the percentage of the maximum number of performance rights that are at risk are the same as for 2008 (Table 6).

Allocations of rights to disclosed executives are shown in Table 13.

2010 LTI Scheme

At the time of writing this report the LTI Scheme for 2010 was yet to be finalised and published to eligible participants.

Table 7: 2009 Comparator group of companies

Security	Description
ABY	Aditya Birla Minerals Limited
AWC	Alumina Limited
AQP	Aquarius Platinum Limited
GBG	Gindalbie Metals Limited
HIG	Highlands Pacific Limited
IGO	Independence Group NL
JML	Jabiru Metals Limited
KZL	Kagara Limited
LYC	Lynas Corporation Limited
MRE	**Minara Resources Limited**
MCR	Mincor Resources NL
MBN	Mirabela Nickel Limited
MGX	Mount Gibson Iron Limited
MMX	Murchison Metals Limited
NCM	Newcrest Mining Limited
OMH	OM Holdings Limited
OZL	Oz Minerals Limited
PNA	PanAust Limited
PAN	Panoramic Resources Limited
PEM	Perilya Limited
SRL	Straits Resources Limited
WSA	Western Areas NL

REMUNERATION REVIEW

External consultants The Hay Group and McDonald & Company are contracted to conduct the remuneration reviews for the company's directors and senior executives. This is done on an annual basis.

The Hay Group's Executive Reward Service report surveys half of all of Australia's top 100 companies who confidentially outline the salary and incentive details of their Chief Executive Officer and senior management team. This report details the average percentage increase of remuneration across the surveyed group for these executive groups namely Chief Executive Officer and directors.

The company's Human Resources department enlists the assistance of McDonald & Company through their remuneration reports to assess the salaries and benefits for selected senior executives. These reports are based on the Gold Industry and the Smelting and Petro-Chemical Industry in Western Australia. This survey data is confidential for all members, including Minara, who provide information for these reports.

Non-Executive Directors' Remuneration

Article 6.5 of the company's constitution provides that:

- non-executive directors may be paid a maximum total amount of directors' fees, determined by the company in general meeting, or until so determined, as the directors resolve and the directors may determine the manner in which all or part of this amount is divided between the non-executive directors, or until so determined, the amount must be divided between the non-executive directors equally;
- the remuneration of non-executive directors must not be calculated as a commission on, or percentage of, profits or operating revenue; and
- the remuneration of non-executive directors accrues from day to day.

ASX Listing Rule 10.17 provides that the company must not increase the total amount of directors' fees payable by it or any of its controlled entities without the approval of holders of its ordinary securities.

At the company's Annual General Meeting held on 26 November 2003, members approved a resolution to the effect that the maximum amount of directors' fees payable to non-executive directors was fixed at $800,000 in total for each 12 month period commencing 1 July in any year until varied by ordinary resolution of members.

During 2006 the level of remuneration for non-executive directors and the non-executive Chairman was increased by approval of the Remuneration Committee. Effective 1 July 2006, remuneration for non-executive directors (other than the Chairman) was increased from $70,000 to $90,000 per annum, and remuneration for the non-executive Chairman was increased from $190,000 to $215,000 per annum. Superannuation contributions were also paid by the company on behalf of the non-executive directors at the rate of 10% of fees. Until 31 December 2007 non-executive directors also were entitled to receive fees of $5,000 per year for participation on the Audit & Risk Management Committee.

With effect from 1 January 2008 the Board increased the remuneration for non-executive directors to $120,000 per annum (inclusive of superannuation) and the remuneration for the non-executive Chairman increased to $260,000 (inclusive of superannuation). There are no additional committee fees.

Non-executive directors do not participate in any cash bonus, options or share plans that may be developed for executives. Other fees or allowances may be payable in special circumstances as agreed by the Board. Executive directors are not paid directors' fees.

Retirement benefits for current non-executive directors are expressed as multiples of the final year average base directors' fees but have been capped at entitlements accrued as at 30 June 2004. The benefit payable on retirement for Mr Morrison is 1.5 times final year of service base fee and for Mr Macpherson it is 0.7 times. Retirement benefits are only paid following approval by the Board. Non-executive directors appointed subsequent to 1 July 2004 do not receive retirement benefits.

Details of the nature and amount of each major element of the emoluments of each non-executive director of the company for the reporting period to 31 December 2009 are set out in Table 9.

No other fees or benefits were paid or accrued to non-executive directors.

Remuneration of the Managing Director & Chief Executive Officer

Article 6.5 of the company's constitution provides that the remuneration of executive directors must, subject to the provisions of any contract between each of them and the company, be fixed by the directors and must not be calculated as a commission on, or percentage of, operating revenue.

The Managing Director & Chief Executive Officer is Peter Johnston. He has been employed by the company since 1 November 2001. Remuneration and other terms of employment for Mr Johnston are formalised in an employment agreement agreed between the company and Mr Johnston, which commenced on 1 January 2010 and ends on 31 December 2012 unless terminated earlier.

The remuneration terms of Mr Johnston's current employment agreement are:

- commencing 1 January 2010, fixed remuneration of $1,865,000 per annum inclusive of salary, superannuation, motor vehicle allowance, fringe benefits, directors' fees and applicable taxes (Total Fixed Remuneration);
- for each of the 2010, 2011 and 2012 calendar years, if performance targets set by the Board are met, an annual short term cash incentive comprising:
  - (a) up to $500,000 for on-target performance; or
  - (b) up to but no more than $800,000 for superior performance, with up to $100,000 of this amount being at the absolute discretion of the Board for extraordinary achievements;
- entitlement to participate in the LTI Scheme through the granting of performance rights on terms to be approved by the company's shareholders at the 2010 Annual General Meeting as outlined below.

The annual short term incentive is determined by reference to measures comprised of a production target as approved by the Board for an applicable year, a cost target as approved by the Board for an applicable year, satisfactory performance against non-financial measures (safety, leadership, strategy, communications, general administration and risk management) and, in case of a payment for extraordinary achievement, at the discretion of the Board. For target performance the relative weighting of the measures is 40% production, 40% cost and 20% non-financial measures. For superior performance the relative weighting of the measures is 37.5% production, 37.5% cost, 12.5% non-financial measures and 12.5% discretionary for extraordinary achievements.

Mr Johnston may terminate his employment by giving six months' notice to the company. Mr Johnston may also terminate his employment immediately if there is a fundamental change in his role by reason of him ceasing to be the most senior executive in the Minara group or a substantial diminution in his responsibilities or authority.

The company may terminate Mr Johnston's employment in various circumstances, including:

- for incapacity due to illness or accident, by giving three months' notice;
- for certain types of misconduct, without notice;
- for poor performance which has not been rectified, by giving three months' notice; and
- without cause, by giving Mr Johnston six months' notice or payment in lieu of notice.

In the event of termination by the company due to illness or without cause, or by Mr Johnston due to a fundamental change in his role, the company must pay a separation payment which when added to any payment made in lieu of notice is no more than Mr Johnston's annual Total Fixed Remuneration. The agreement provides that the termination benefits or separation payments payable to Mr Johnston shall not exceed the statutory limits imposed by the Corporations Act 2001.

Long term incentive entitlements of the Managing Director & Chief Executive Officer

At the 2007 Annual General Meeting shareholders approved the grant to Mr Johnston of performance rights in respect of:

- up to 390,000 options over unissued shares in the capital of the company, as soon as practicable after 1 January 2009, as part of Mr Johnston's remuneration for 2007 (A Options); and
- up to 390,000 options over unissued shares in the capital of the company, as soon as practicable after 1 January 2010, as part of Mr Johnston's remuneration for 2008 (B Options).

The performance rights were similar to those previously granted to Mr Johnston with shareholder approval and were granted pursuant to the LTI Scheme (as it applies to Mr Johnston). The grant of the A Options and B Options depended on the performance of the company in comparison to the comparator resource companies, as measured by the company's TSR over the period 1 January 2007 to 31 December 2008 in respect of the A Options and over the period 1 January 2008 to 31 December 2009 in respect of the B Options.

The A Options and the B Options were not issued to Mr Johnston as the minimum performance criteria as measured by the company's TSR were not satisfied.

At the 2008 Annual General Meeting, shareholders approved the grant to Mr Johnston of performance rights to acquire up to 390,000 shares, as soon as practicable after 1 January 2009, as part of Mr Johnston's remuneration package for 2009 (2009 Performance Rights). The 2009 Performance Rights are similar to those previously granted to Mr Johnston and have been granted pursuant to the LTI Scheme (as it applies to Mr Johnston).

The vesting of the 2009 Performance Rights depends on the performance of the company in comparison to its peer group of 25 comparator resource companies as measured by the company's TSR over the period 1 January 2009 to 31 December 2010. Subject to Board approval of the grant, each granted performance right that vests may be automatically exercised into one share. It is anticipated that shares will be issued in respect of vested performance rights in the first quarter of 2011. The applicable performance targets and the weighting given to their achievement in determining the number of options under the LTI Scheme are set out in Table 6.

At the 2010 Annual General Meeting, the company will seek shareholder approval for the grant to Mr Johnston of performance rights with a value of up to $3,000,000 (Award).

Seventy percent of the Award may be granted in three tranches of performance rights. Each tranche of performance rights may provide Mr Johnston with an opportunity to receive shares or such other equity interest determined by the Board (with a value up to $700,000 for each year ending 31 December 2010, 31 December 2011 and 31 December 2012). Each tranche will be subject to a TSR performance hurdle with a three-year performance period beginning on 1 January in the relevant financial year. Thirty percent of the Award (with a value of $900,000) will be subject only to a continuing service condition and will vest on 31 December 2012 if Mr Johnston remains employed until 31 December 2012.

The TSR performance hurdle will be based on the company's TSR performance relative to the comparator group of companies under the LTI Scheme in the relevant year and may vest in accordance with table 8.

Table 8: Company's TSR relative to the TSR of the Comparator Group over the performance period	Percentage of equity that vests
Less than the 50th percentile	Nil
50th percentile	50%
Greater than the 50th percentile but less than the 75th percentile	50% plus 2% for every one percentile increase above the 50th percentile

REMUNERATION DETAILS

The following persons acted as directors of the company during or since the end of the financial year:

Peter Coates	(Non-executive Director and Chairman)
Peter Johnston	(Managing Director & Chief Executive Officer)
John Morrison	(Non-executive Director)
Ivan Glasenberg	(Non-executive Director)
Willy Strothotte	(Non-executive Director)
Malcolm Macpherson	(Non-executive Director)
Markus Ocskay	(Alternate Non-executive Director)

For the reporting period to 31 December 2009 the five highest remunerated executives of both the company and the consolidated group comprised:

Peter Johnston	Managing Director & Chief Executive Officer
Wayne Ashworth	General Manager Operations
David Pile	Chief Financial Officer
Jason Cooke	Business Development Manager (General Manager Corporate Development from 1 January 2010)
Matthew Brown	Engineering Services Manager

For the reporting period to 31 December 2009, the key management personnel in addition to the directors above comprised:

Peter Johnston	Managing Director & Chief Executive Officer
Wayne Ashworth	General Manager Operations
David Pile	Chief Financial Officer
Cynthia Sargent	General Counsel & Company Secretary
Jason Cooke	Business Development Manager (General Manager Corporate Development from 1 January 2010)
Matthew Brown	Engineering Services Manager

Table 9 sets out details of the nature and amount of each major element of the remuneration of key management personnel for 2009.

EXECUTIVE SERVICES AGREEMENTS

Remuneration and other terms of employment for the executives disclosed in this Remuneration Report are contained in service agreements. Invitations to participate in the STI Scheme and the LTI Scheme are issued to the executives each year, together with details of the rules of the schemes and the terms and conditions of the offer.

Table 10 sets out the terms of the service agreements for key management personnel (other than for the Managing Director & Chief Executive Officer).

Table 9: Key Management Personnel Compensation 2009

Name	Position Held	Period Of Responsibility	Short-Term Benefits				Post-Employee Benefits			Share-Based Payments		TOTAL
			Salary, fees, compensated absences	Bonuses (ii)	Non-monetary benefits	Other (iii)	Superannuation	Other	Termination benefits	Cash settled Options	Equity settled Options	
			$	$	$	$	$	$	$	$	$	$
Non-executive Directors												
P Coates	Chairman	2009	236,364	-	-	-	23,636	-	-	-	-	260,000
		2008	163.930	-	-	-	16,393	-	-	-	-	180,323
J Morrison	Director	2009	109,091	-	-	-	10,909	-	-	-	-	120,000
		2008	109,091	-	-	-	10,909	-	-	-	-	120,000
I Glasenberg (i)	Director	2009	-	-	-	-	-	-	-	-	-	-
		2008	-	-	-	-	-	-	-	-	-	-
W Strothotte (i)	Director	2009	-	-	-	-	-	-	-	-	-	-
		2008	-	-	-	-	-	-	-	-	-	-
M Macpherson	Director	2009	109,091	-	-	-	10,909	-	-	-	-	120,000
		2008	109,091	-	-	-	10,909	-	-	-	-	120,000
Executive Director												
P Johnston (iv)	Chief Executive Officer	2009	1,775,940	-	70,809	-	39,060	-	-	-	59,024	1,944,833
		2008	1,731,667	450,000	99,142	-	83,333	-	-	-	-	2,364,142
Other Key Management Personnel												
D Pile (v)	Chief Financial Officer	2009	397,065	42,718	-	3,000	46,521	-	372,880	-	-	862,184
		2008	380,000	67,546	18,491	223,000	51,609	-	-	-	-	740,646
W Ashworth	General Manager	2009	476,120	43,879	-	103,000	54,552	-	-	-	49,447	726,998
		2008	391,919	63,991	-	136,333	50,528	-	-	-	-	642,771
C Sargent	General Counsel & Company Secretary	2009	297,283	27,574	10,167	3,000	31,286	-	-	-	37,736	407,046
		2008	282,750	31,178	-	43,000	40,743	-	-	-	-	397,671
J Cooke	Business Development Manager	2009	281,174	26,148	-	203,000	54,324	-	-	-	35,784	600,430
		2008	275,000	32,508	-	23,000	37,328	-	-	-	-	367,836
M Brown	Engineering Services Manager	2009	275,747	25,672	-	1,500	29,913	-	-	-	35,133	367,965
		2008	252,500	29,285	-	201,500	32,002	-	-	-	-	515,286
		2009	3,957,875	165,991	80,976	313,500	301,110	-	372,880	-	217,123	5,409,455
		2008	3,695,948	674,508	117,633	626,833	333,753	-	-	-	-	5,448,675

(i) Messrs Glasenberg and Strothotte elected not to receive directors' fees as they are nominee Directors of major shareholders.
(ii) STI cash bonus paid in the reporting period to 31 December 2009 in respect of performance in 2009.
(iii) Other short-term benefits were for one-off discretionary payments, retention bonuses and medical contributions.
(iv) The bonus paid to Mr Johnston during 2008 is in respect of performance in 2007. There was no bonus paid to Mr Johnston in 2009 in respect of performance in 2008. At the time of writing this report the Board is yet to determine any bonus in respect of performance in 2009.
(v) Mr Pile ceased employment on 31 December 2009.

Table 10: Summary of Terms of Key Management Personnel Service Agreements (other than the Managing Director & Chief Executive Officer)

Executive	Position	Contract Duration	Fixed Remuneration (per annum)	Retention Bonus	Termination Payments (other than for gross misconduct) [(a) (b)]	Termination Notice
Wayne Ashworth	General Manager Operations	No fixed term	$448,000 (until 31 December 2009) $471,520 (from 1 January 2010)	$100,000 cash paid on 1 January 2009 $150,000 cash paid on 1 January 2010 $200,000 cash expiring on 1 January 2011	12 weeks pay in lieu of notice and annual leave entitlement	12 weeks
David Pile [(c)]	Chief Financial Officer	No fixed term	$428,960	$200,000 cash paid on 1 May 2008	12 weeks pay in lieu of notice and annual leave entitlement	12 weeks
Cynthia Sargent	General Counsel & Company Secretary	No fixed term	$328,160 (until 31 December 2009) $384,160 (from 1 January 2010)	$200,000 cash expiring 1 January 2011	12 weeks pay in lieu of notice period and annual leave entitlement	12 weeks
Jason Cooke	Business Development Manager	No fixed term	$311,360 (until 31 December 2009) $367,360 (from 1 January 2010)	$200,000 cash paid on 1 July 2009	12 weeks pay in lieu of notice period and annual leave entitlement	12 weeks
Matthew Brown	Engineering Services Manager	No fixed term	$305,760 (until 31 December 2009) $337,680 (from 1 January 2010)	$300,000 cash expiring 1 January 2011	12 weeks pay in lieu of notice period and annual leave entitlement	12 weeks

(a) On termination of employment, executives will be entitled to the payment of any fixed remuneration calculated up to the termination date and any annual leave entitlement accrued at the termination date.

(b) On redundancy or material change in employment terms or conditions and subject to limitations under the *Corporations Act* and the ASX Listing Rules, executives will be entitled to a severance payment which is an aggregate payment that includes the payment of the salary package payable to that executive for a period of 12 months, six months of STI Scheme payments on the basis of Gold achievement, LTI calculated at 100% achievement and any retention bonus.

(c) Mr Pile ceased employment on 31 December 2009.

Table 11: Short Term Incentive (cash) for 2009

Name	Incentive Payment $	% of Entitlement	% of Entitlement Forfeited	% of Total Remuneration
P Johnston(i)	-	-	-	-
W Ashworth	43,879.42	36.84%	63.16%	6.03%
D Pile	42,718.33	37.47%	62.53%	4.95%
C Sargent	27,574.16	31.69%	68.31%	6.77%
J Cooke	26,147.91	31.69%	68.31%	4.35%
M Brown	25,672.50	31.69%	68.31%	4.97%

Table 12: Short Term Incentive Opportunity (cash) for 2010

Name	Bronze	Silver	Gold
P Johnston(ii)	-	-	-
W Ashworth	$84,018	$104,082	$125,400
C Sargent	$68,340	$84,660	$102,000
J Cooke	$65,325	$80,925	$97,500
M Brown	$60,300	$74,700	$90,000

(i) At the time of preparing this report, the Board is yet to determine any bonus relating to 2009 (payable in 2010) to Mr Johnston.

(ii) The short term incentive opportunity for Mr Johnston is summarised above.

Table 13: Options, Rights and Equity Holdings

2009
Rights Holdings

	HELD								
Name	No. at 1 Jan 2009	Granted as compensation	Exercised	Lapsed	No. at 31 Dec 2009	Vested 31 Dec 2009	Vested and Exercisable 31 Dec 2009	Vested and Unexercisable 31 Dec 2009	Value of options excerised at the excerise date $
Directors									
P Coates	-	-	-	-	-	-	-	-	-
P Johnston	-	390,000	-	-	390,000	-	-	-	-
J Morrison	-	-	-	-	-	-	-	-	-
I Glasenberg	-	-	-	-	-	-	-	-	-
W Strothotte	-	-	-	-	-	-	-	-	-
M Macpherson	-	-	-	-	-	-	-	-	-
Other Key Management Personnel									
D Pile (i)	-	351,446	-	351,446	-	-	-	-	-
W Ashworth	-	351,446	-	-	351,446	-	-	-	-
C Sargent	-	268,208	-	-	268,208	-	-	-	-
J Cooke	-	254,336	-	-	254,336	-	-	-	-
M Brown	-	249,710	-	-	249,710	-	-	-	-
	-	**1,865,146**	**-**	**351,446**	**1,513,700**	**-**	**-**	**-**	**-**

(i) Rights lapsed on cessation of employment on 31 December 2009.

Refer to Note 5 to the Financial Statements for more information regarding share options and rights.

2009
Equity Holdings

	HELD					
Name	No. at 1 Jan 2009	Granted as compensation	Received on exercised of Options	Divestment	Equity acquired (non-option related)	No. at 31 Dec 2009
Directors						
P Coates	151,500	-	-	-	-	151,500
P Johnston	3,129,000	-	-	-	-	3,129,000
J Morrison	-	-	-	-	-	-
I Glasenberg (i)	-	-	-	-	-	-
W Strothotte (i)	-	-	-	-	-	-
M Macpherson	25,000	-	-	-	-	25,000
Other Key Management Personnel						
D Pile	65,000	-	-	(40,000)	-	25,000
W Ashworth	124,000	-	-	-	-	124,000
C Sargent	-	-	-	-	-	-
J Cooke	10,000	-	-	-	-	10,000
M Brown	-	-	-	-	-	-
	3,504,500	**-**	**-**	**(40,000)**	**-**	**3,464,500**

(i) Mr I Glasenberg and Mr W Strothotte hold an indirect interest in 824,829,760 ordinary shares.

Table 13: Options, Rights and Equity Holdings (continued)

2008
Options and Rights Holdings

	HELD								
Name	No. at 1 Jan 2008	Granted as compensation	Exercised	Lapsed	No. at 31 Dec 2008	Vested 31 Dec 2008	Vested and Exercisable 31 Dec 2008	Vested and Unexercisable 31 Dec 2008	Value of options excerised at the excerise date $
Directors									
P Coates	-	-	-	-	-	-	-	-	-
P Johnston	504,000	-	(504,000)	-	-	-	-	-	-
J Morrison	-	-	-	-	-	-	-	-	-
I Glasenberg	-	-	-	-	-	-	-	-	-
W Strothotte	-	-	-	-	-	-	-	-	-
M Macpherson	-	-	-	-	-	-	-	-	-
Other Key Management Personnel									
D Pile	120,000	-	(120,000)	-	-	-	-	-	-
W Ashworth	49,600	-	(49,600)	-	-	-	-	-	-
C Sargent	-	-	-	-	-	-	-	-	-
J Cooke	52,572	-	(52,572)	-	-	-	-	-	-
M Brown	48,229	-	(48,229)	-	-	-	-	-	-
	774,401	-	**(774,401)**	-	-	-	-	-	-

2008
Equity Holdings

	HELD					
Name	No. at 1 Jan 2008	Granted as compensation	Received on exercised of Options	Divestment	Equity acquired (non-option related)	No. at 31 Dec 2008
Directors						
P Coates	-	-	-	-	151,500	151,500
P Johnston	1,000,000	-	504,000	-	1,625,000	3,129,000
J Morrison	-	-	-	-	-	-
I Glasenberg (i)	-	-	-	-	-	-
W Strothotte (i)	-	-	-	-	-	-
M Macpherson	10,000	-	-	-	15,000	25,000
Other Key Management Personnel						
D Pile	-	-	120,000	(95,000)	40,000	65,000
W Ashworth	-	-	49,600	-	74,400	124,000
C Sargent	-	-	-	-	-	-
J Cooke	-	-	52,572	(42,572)	-	10,000
M Brown	-	-	48,229	(48,229)	-	-
	1,010,000	**-**	**774,401**	**(185,801)**	**1,905,900**	**3,504,500**

(i) Mr I Glasenberg and Mr W Strothotte hold an indirect interest in 824,829,760 ordinary shares

SECURITIES DEALING POLICY

The company's policy in relation to all directors, executives, employees, contractors, consultants and advisors holding Minara securities is set out in the company's Securities Dealing Policy, which can be found on the company's website at *www.minara.com.au.* The Securities Dealing Policy sets out the circumstances in which these individuals may trade in company securities, and thereby seeks to ensure they do not breach the laws concerning insider trading and limit exposure and risk in relation to these securities.

The policy discourages short term investment in company securities and recommends dealing only at certain times. The Managing Director monitors and must give consent prior to any dealings in company securities by key management personnel.

DIRECTORS' INTERESTS

The relevant interest of each director in the share capital and options over shares of the company, as notified by the directors to the Australian Securities Exchange in accordance with s205G(1) of the *Corporations Act 2001*, as at the date of this report is set out in Table 14.

Table 14: Directors' Interests

Director	Ordinary Shares	Options
P Coates	151,500	-
P Johnston	3,129,000	-
J Morrison	-	-
I Glasenberg (i)	824,829,760	-
W Strothotte (i)	824,829,760	-
M Macpherson	25,000	-
M Ocskay	-	-

(i) Mr Glasenberg's and Mr Strothotte's relevant interests are an indirect interest in 824,829,760 shares held by Glencore of which both are shareholders and directors. Glencore is party to nickel and cobalt off take agreements entered into with Murrin Murrin Holdings Pty Ltd (MMH). MMH is wholly owned by Minara. Refer to Note 25 of the notes to the Financial Statements for further details of the off take agreements.

OPTIONS

At the date of this report there are no options over unissued ordinary shares in the company and there were none issued or exercised in 2009.

Further details in relation to share rights are contained in Note 5 to the Financial Statements.

INDEMNIFICATION OF OFFICERS AND AUDITORS

The company has entered into deeds of access and indemnity with Mr Coates, Mr Johnston, Mr Macpherson, Mr Morrison, Mr Strothotte, Mr Glasenberg, Mr Ocskay, Mr Pile and Ms Sargent pursuant to which the company agreed to:

(a) indemnify the relevant officer against certain liabilities incurred by the officer while acting as an officer of the company;

(b) enter into an appropriate directors' and officers' liability insurance policy for the officer; and

(c) provide the officer with access to company documents.

The liabilities insured are costs and liabilities that may be incurred by or arising out of the relevant officer having the capacity of an officer of the company and/or the conduct of the business of the company, other than where such liabilities arise out of conduct of the relevant officer involving a wilful breach of duty in relation to the company or a contravention of sections 182 or 183 of the *Corporations Act 2001*.

The company has entered into a Directors' and Officers' Liability insurance policy. The policy provides against certain liabilities (subject to exclusions) for persons who are or have been officers of the company or of a related body corporate. The insurance policy does not provide details of the premiums paid in respect of individual officers of the company.

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the insurance policy as such disclosure is prohibited under the terms of the policy.

NON-AUDIT SERVICES

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the Consolidated Entity are considered important.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit Committee is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

During the year, fees were paid or payable for services provided by the auditor of the company, as described in Note 6 of the financial statements.

The audit partner for the company for the year ended 31 December 2009 was Mr Ross Jerrard of Deloitte Touche Tohmatsu.

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*

The lead auditor's independence declaration as required under section 307C of the *Corporations Act 2001* (Cth) is set out on page 36 and forms part of the Directors' Report for the year ended 31 December 2009.

ROUNDING OF AMOUNTS

The company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that class order, amounts in the financial report have been rounded off to the nearest one thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the directors.

P Coates AO
Chairman

PB Johnston
Chief Executive Officer & Managing Director

Perth, 26th day of February 2010

The information in this report that relates to Exploration Results is based on information compiled by Mr David Selfe. The information in this report that relates to Metallurgical Results is based on information compiled by Mr John O'Callaghan. Mr Selfe and Mr O'Callaghan are Members of the Australasian Institute of Mining and Metallurgy. Mr Selfe and Mr O'Callaghan are full time employees of Minara Resources Limited. Both Mr Selfe and Mr O'Callaghan 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 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'. Mr Selfe and Mr O'Callaghan consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Woodside Plaza
Level 14
240 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

DX 206
Tel: +61 (0) 8 9365 7000
Fax: +61 (0) 8 9365 7001
www.deloitte.com.au

The Board of Directors
Minara Resources Limited
Level 4
The Esplanade
Perth WA 6000

26 February 2010

Dear Board Members

Minara Resources Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Minara Resources Limited.

As lead audit partner for the audit of the financial statements of Minara Resources Limited for the financial year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Ross Jerrard
Partner
Chartered Accountants

1. INTRODUCTION

The Board of Directors of Minara Resources Limited (the company) is committed to the principle of best practice in corporate governance. The Board believes that genuine commitment to good corporate governance is essential to the performance and sustainability of the company's business and, as such, depends upon the corporate culture—values and behaviours—that underlies the company's day-to-day activities.

The Board continually reviews its corporate governance practices and regularly monitors developments in best practice governance in Australia and overseas. Where international and Australian guidelines are not consistent, the best practice guidelines of the Australian Stock Exchange Limited (ASX) convened ASX Corporate Governance Council (ASX Best Practice Recommendations) have been adopted as the minimum base for corporate governance practices.

Details of the company's compliance with the ASX Best Practice Recommendations are set out below and an ASX Best Practice Recommendations Checklist is provided at Section 8 of this statement.

The company's key corporate governance policies and charters are available in the corporate governance section of the company's website: *www.minara.com.au.*

2. BOARD OF DIRECTORS

2.1 Board Role and Responsibilities

ASX Best Practice Recommendations 1.1, 1.2 and 1.3

The Board has adopted a formal Board Charter which details the role, duties, composition, responsibilities and code of conduct under which the Board operates. The Board has resolved unanimously that the company will at all times aspire to "best practice" in corporate governance.

The Board acknowledges its accountability to shareholders for creating shareholder value within a framework that protects the rights and interests of shareholders and ensures that the company and its subsidiaries (the Group) are being properly managed. The Board aims to achieve these objectives through the adoption and monitoring of strategies, plans, policies and performance by:

- overseeing the Group, including its control and accountability systems;
- providing input into and final approval of the Group's strategic direction and performance objectives;
- directing, monitoring and assessing the Group's performance against strategic and business plans;
- approving the Group's annual budgets;
- reporting to shareholders and other stakeholders on the performance and state of the company;
- approving and monitoring the progress of capital management, major capital expenditure, acquisitions and divestments;
- reviewing and ratifying the Group's systems of internal compliance and control, risk management and legal compliance and ensuring the integrity and effectiveness of those systems;
- approving and monitoring financial and other reporting, including reporting to shareholders, the Australian Securities Exchange and other stakeholders;
- appointing and removing the Chief Executive Officer, Company Secretary and Chief Financial Officer;
- ratifying the appointment of senior management;
- monitoring senior management's performance and implementation of strategy;
- ensuring appropriate resources are available to senior management;
- ensuring that the remuneration and conditions of service are appropriate to attract and retain senior management; and
- establishing and monitoring succession planning for the Board and senior management.

Day-to-day conduct of the company's business is delegated to the company's Chief Executive Officer as specified in the Board Charter.

The Board determines the strategic direction of the company and sets policies accordingly. Oversight of the company's executive management and operations is maintained through committees and, in addition, the Board monitors substantive issues such as ethical standards and social and environmental responsibilities.

Unless otherwise indicated in this statement, the practices specified in the Board Charter have been followed throughout the 2009 reporting period and will remain in force until amended by resolution of the Board.

A copy of the Board Charter is available in the corporate governance section of the company's website: *www.minara.com.au.*

2.2 Board Composition

ASX Best Practice Recommendations 2.1, 2.2, 2.3 and 2.6

The Board is currently comprised of six (6) directors: five (5) non-executive directors and one (1) executive director.

The names of the directors of the company at the date of this Corporate Governance Statement are set out in the adjacent table.

A description of the skills and experience of each director is set out in the Directors' Report.

All directors (except the Managing Director) are elected by shareholders and, thereafter, are subject to re-election at least once every three (3) years.

The Board is structured so that independent non-executive directors are not in the minority on the Board. The Chairman plays an important role in ensuring that the Board works effectively.

As set out in the Board Charter, appointments to the Board are based on merit against objective criteria that serve to maintain an appropriate balance of skills and experience on the Board. The Nomination & Remuneration Committee recommends appointments to the Board in accordance with the Nomination & Remuneration Committee Charter. The most used nomination criteria are:

- appropriate experience;
- the ability to exercise sound business judgement;
- a position of leadership or prominence in a specified field;
- absence of conflicts of interest or other legal impediments to serving on the Board;
- willingness to devote the required time and freedom from scheduling, or other conflicts, which would prevent attendance at Board or committee meetings; and
- geographical spread.

A copy of the Board Charter and the Nomination & Remuneration Committee Charter are available in the corporate governance section of the company's website: *www.minara.com.au.*

Pursuant to the company's constitution, the company must not have less than three (3) nor more than ten (10) directors, unless varied by resolution.

The Board periodically reviews its size as appropriate.

Director	Role	Appointed	Retiring at 2009 AGM	Seeking re-election at 2009 AGM
Peter Coates	Chairman, Independent Non-executive Director	1 April 2008 (Chairman: 9 May 2008)	No	-
Peter Johnston	Managing Director & Chief Executive Officer	28 November 2001	No	-
Ivan Glasenberg	Non-executive Director	8 December 2000	Yes	Yes
Willy Strothotte (i)	Non-executive Director	31 May 2001	No	-
John Morrison	Independent Non-executive Director	16 December 1999	No	-
Malcolm Macpherson	Independent Non-executive Director	11 April 2002	Yes	Yes

(i) Mr Markus Ocskay has been the alternate non-executive director for Mr Strothotte since 29 December 2008.

2.3 Director Independence

ASX Best Practice Recommendation 2.1

The ASX Best Practice Recommendations maintain that directors are considered to be independent if they are not major shareholders, are independent of management, and are free from any business or other relationship that could materially interfere with their exercise of free and independent judgement. ASX Best Practice Recommendation 2.1 recommends that the Board should comprise a majority of independent directors.

Independent directors on the Board are Mr Morrison, Mr Macpherson and the Chairman of the company, Mr Coates.

The non-independent directors are Mr Johnston, Mr Glasenberg and Mr Strothotte. Mr Johnston is the Managing Director and Chief Executive Officer and is appointed by the Board. Messrs Strothotte and Glasenberg, although not being major shareholders themselves, have been regarded as being non independent by virtue of their directorship of, and shareholding in, Glencore International AG, which as at the date of this Corporate Governance Statement holds approximately 70.6% of the issued capital in the company. Additionally, Mr Ocskay, the alternate non-executive director for Mr Strothotte since 29 December 2008, is not regarded as being independent by virtue of his employment with Glencore International AG.

While the composition of the Board, using the cautious definition of independence adopted by the Board as above, did not strictly comply with ASX Corporate Governance Council Recommendation 2.1, the Board regarded the composition of directors as a good balance with the appropriate mix of expertise and experience and ability to represent the interests of all shareholders.

2.4 Conflicts of Interest

All directors of the company must keep the Board advised, on an ongoing basis, of any private interest that could potentially conflict with the interests of the Group. Where the Board believes that a significant conflict exists, the director concerned will not receive relevant Board papers and will not be present at the meeting whilst the item is considered.

All directors and executive officers of the Group are required to disclose to the company any material transaction or commercial relationship or corporate opportunity that reasonably could be expected to give rise to such a conflict. The Board has developed procedures to assist directors to disclose potential conflicts of interest.

2.5 Directors' Retirement and Re-election

The company's constitution provides that:

- directors serve a maximum three (3) year term before being required to be re-elected as directors by shareholders; and
- at least one third (or the nearest whole number) of directors must retire at each Annual General Meeting, as well as any directors appointed to fill a casual vacancy who have not been re-appointed at a general meeting since the last Annual General Meeting.

Retiring directors are eligible for re-election at the meeting at which they retire. There is no compulsory retiring age of directors.

2.6 Terms of Appointment

New directors receive, and are required to sign, a formal letter of appointment setting out the responsibilities, rights and key terms and conditions of their appointment.

2.7 Induction Training and Continuing Education

New directors are required to participate in a comprehensive induction program which covers the operations, financial position, strategic and risk management issues, as well as the operation of the Board and its sub-committees. This includes site visits, presentations and meetings with key executives.

All directors are expected to maintain the skills required to discharge their obligations to the company. In addition, directors are encouraged to undertake regular site visits and the Board is regularly updated, briefed and provided with educational information papers and presentations on industry-related matters and new developments that may be of interest to the company.

2.8 Board Performance Evaluation

ASX Best Practice Recommendation 2.5

The Board aims to have members with high levels of intellectual ability, experience, soundness of judgment and integrity to maximise its effectiveness and contribution.

The Board reviews its performance and the performance of its committees on an on-going basis. The review process serves to identify any areas of weakness and areas for improving the performance of the Board, its committees and the Board's relationship with all levels of management.

In December 2009 the Board carried out an annual self assessment process of the Board and its committees. All directors and senior executives were required to complete an anonymous evaluation questionnaire to objectively rank performance, according to a defined scale, for each responsibility/activity undertaken by the Board and its committees. In addition, directors and senior executives were encouraged to provide supporting or explanatory comments regarding their assessment. The results of the questionnaires were collated and statistically analysed to rank collective performance against each topic. An evaluation report was prepared and circulated to all directors and considered by the Board.

The Chairman's on-going evaluation of each director's performance includes informally reviewing and monitoring and assessing their contribution and participation in Board activities. Directors whose performance is judged to have been unsatisfactory may be asked to retire.

2.9 Board Access to Information and Independent Advice

Subject to the directors' conflict of interest guidelines at section 2.4 of this Corporate Governance Statement, directors have direct access to the company's management personnel and to access company information that is in the possession of management.

In performing their duties, directors have the right to seek independent, professional advice at the company's expense, in furtherance of their duties as directors, with the approval of the Chairman, which approval shall not be unreasonably withheld.

2.10 Directors' Remuneration

ASX Best Practice Recommendations 8.1, 8.2 and 8.3

Refer to section 3.4 of this Corporate Governance Statement.

2.11 Chairman and Chief Executive Officer (CEO)

ASX Best Practice Recommendations 2.2 and 2.3

The Chairman, Mr Peter Coates, is an independent non-executive director elected by the full Board, who has no previous association with the company, is not a substantial shareholder of the company and is not associated with a substantial shareholder of the company, has not previously been an employee, has not had a material contractual relationship with the company within the last three (3) years and is free from any interest which could materially interfere with his ability to act in the best interest of the company.

The Chairman is responsible for leadership of the Board, setting agendas, ensuring directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board's relationship with the company's senior executives.

The CEO, Mr Peter Johnston, has been elected by the Board and is subject to annual performance reviews by the non-executive directors. The CEO is responsible for managing the company, reporting to the Board and implementing Group strategies and policies.

The Board Charter specifies that the role of Chairman is to be undertaken by an independent non-executive director and that the Chairman and the CEO will not be the same person.

2.12 Company Secretary

The appointment and removal of a company secretary is a matter for decision by the Board. The company secretary is responsible for ensuring that Board procedures are complied with and that corporate governance matters are addressed. The company secretary is accountable to the Board, through the Chairman, on all governance matters.

2.13 Board Meetings

ASX Best Practice Recommendation 2.5

The Board meets on a regular basis to retain full and effective control and monitor executive management. During the 2009 reporting period, the Board met seven (7) times. The directors' attendance at meetings is detailed in the Directors' Report.

Papers for Board meetings are usually circulated at least seven (7) days prior to the date of the meeting.

Members of the company's management team may attend meetings at the invitation of the Board.

2.14 Evaluation of Senior Executives

ASX Best Practice Recommendations 1.2 and 1.3

The CEO reviews the performance of all senior executives on an annual basis, usually in November/December, and a performance evaluation of senior executives was undertaken in 2009 in accordance with the process outlined below.

Each senior executive's performance is assessed against key performance indicators relevant to the senior executive's areas of responsibility. The performance review includes face to face meetings and a written evaluation. The outcomes of performance reviews are reported to the Nomination & Remuneration Committee for its consideration.

The performance evaluation of the CEO is facilitated by the Chairman, with ultimate oversight by the Board. The evaluation of the CEO involves an assessment of a range of factors including the overall performance of the company.

3. COMMITTEES OF THE BOARD

3.1 Board Committees, Membership and Charters

ASX Best Practice Recommendations 2.4, 2.6, 4.1, 4.2, 4.3, 4.4 and 8.1

To assist in the execution of its duties and to allow detailed consideration of complex issues, the Board has established the following standing committees:

- the Audit Committee;
- the Risk Management & Compliance Committee; and
- the Nomination & Remuneration Committee.

The Audit Committee and the Risk Management & Compliance Committee were formerly combined and operated as a single committee until 21 November 2007 when they were split into two (2) separate committees. The Nomination & Remuneration Committee formerly operated as two (2) separate committees, until they were amalgamated on 21 November 2007, and now operate as a single committee.

The Board may also delegate specific responsibilities to ad hoc committees from time to time.

Each committee is comprised entirely of non-executive directors with the necessary skills and experience, and the committee structure and membership is reviewed periodically by the Board. All directors who are not members have a standing invitation to attend committee meetings.

Each committee has its own written charter setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the committee is to operate. All of these charters are reviewed on an annual basis and are available in the corporate governance section of the company's website: *www.minara.com.au.*

Minutes of committee meetings are tabled at the immediately subsequent Board meeting. All matters determined by committees are submitted to the full Board as recommendations for Board decisions. Additional requirements for specific reporting by the committees to the Board are addressed in the charter of the individual committees.

3.2 Audit Committee

ASX Best Practice Recommendations 4.2, 4.3 and 4.4

The Audit Committee is comprised of the following non-executive directors:

- Mr John Morrison (Chairman);
- Mr Malcolm Macpherson; and
- Mr Markus Ocskay (alternate director for Mr Willy Strothotte).

Other than Mr Ocskay, each of these directors is regarded as independent. Mr Ocskay is not independent by virtue of his employment with Glencore International AG, the company's largest shareholder.

Mr Morrison brings a high level of financial expertise and experience to the Audit Committee. He is an executive director of a leading independent investment bank and has broad experience in the finance and natural resources industries. Mr Macpherson has held various directorships in major resources companies and has also served as Senior Vice President of the Minerals Council of Australia and President of the Chamber of Minerals and Energy (WA).

Mr Ocskay joined Glencore International AG in 1998, where he has focussed on corporate finance projects, debt capital market transactions and investor relations. Prior to joining Glencore, Mr Ocskay worked for UBS in the Structured Finance division in Zurich, London and Sydney.

The Audit Committee operates under a charter adopted by the Board. The role of the committee is to assist the Board in:

- ensuring the integrity of the Group's financial statements and the financial reporting and internal control systems;
- the appointment, remuneration, qualifications, independence and performance of the external auditor and the integrity of the audit process;
- fulfilling its obligations in relation to its financial compliance framework and systems; and
- ensuring that the company complies with its continuous disclosure obligations.

The particular responsibilities of the Audit Committee are set out in the charter. In accordance with the charter, a majority of the committee will consist of independent directors. The committee, as established, complies with this requirement.

The Audit Committee meets with the company's external auditors and senior management to review the half yearly and annual financial statements and report, as well as specific issues or matters which may arise from the external audit process. The external auditor submits a formal report to the Audit Committee in relation to the half yearly review and the annual audit.

The Chairman of the Audit Committee is not the Chairman of the company.

The Audit Committee reports to the Board after each committee meeting. The Chairman of the Audit Committee is also required to submit an annual report to the Board summarising the Committee's activities and the related significant results and findings.

The Audit Committee has the necessary authority and resources to discharge its duties and responsibilities including the authority to select, retain and terminate specialist advisers, counsel or experts as deemed necessary or appropriate without seeking the approval of the Board or management.

The Audit Committee regularly reviews its composition in light of the skills and experience of its members and having regard to any changes in the regulatory environment in which the company operates.

The company's policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. Following the Annual General Meeting on 18 May 2005, Deloitte Touche Tohmatsu were appointed as the company's external auditors.

An analysis of fees paid to the external auditors, including a breakdown of fees for non-audit services, is provided in the Directors' Report.

It is the policy of the external auditors to provide an annual declaration of their independence to the Audit Committee.

Details of the number of meetings of the Audit Committee and attendance of directors at those meetings are set out in the Directors' Report.

3.3 Risk Management & Compliance Committee

ASX Best Practice Recommendations 4.2, 4.3, 4.4 and 4.5

The Risk Management & Compliance Committee is comprised of the following non-executive directors:

- Mr Malcolm Macpherson (Chairman);
- Mr John Morrison; and
- Mr Markus Ocskay (alternate director for Mr Willy Strothotte).

Other than Mr Ocskay, each of these directors is regarded as independent. Mr Ocskay is not independent by virtue of his employment with Glencore International AG, the company's largest shareholder.

The Risk Management & Compliance Committee operates under a charter adopted by the Board. The role of the committee is to assist the Board in:

- its oversight of the establishment and implementation of the Group's risk management and internal control system;
- its holistic focus on material business risks;
- the Group's compliance with applicable legal and regulatory requirements;
- clarifying the role of management in relation to risk management;
- its review of management's reporting on the effectiveness of managing material risks; and
- monitoring the independence of directors.

The committee shall also ensure that there is public disclosure of the Group's risk management policies and procedures and corporate governance systems and controls.

Details of the number of meetings of the Risk Management & Compliance Committee and attendance of directors at those meetings are set out in the Directors' Report.

3.4 Nomination & Remuneration Committee

ASX Best Practice Recommendations 2.4 and 2.6 (nomination recommendations)

ASX Best Practice Recommendation 8.1, 8.2 and 8.3 (remuneration recommendations)

The Nomination & Remuneration Committee is comprised of the following non-executive directors:

- Mr Peter Coates (Chairman);
- Mr Ivan Glasenberg;
- Mr Malcolm Macpherson; and
- Mr John Morrison.

The Nomination & Remuneration Committee operates under a charter adopted by the Board. In accordance with the charter, a majority of the committee will consist of independent directors. The committee as established complies with this requirement.

The role of the committee is to make recommendations to the Board in relation to:

- the Group's overall remuneration strategy;
- the remuneration, superannuation, recruitment, retention and termination arrangements, policies and procedures for the Chief Executive Officer, non-executive directors and senior management;
- the necessary and desirable competencies of directors;
- review of Board succession plans;
- the development of a process for evaluation of the performance of the Board, its committees and directors;
- the appointment and re-election of directors; and
- the appointment of the Company Secretary and the Chief Financial Officer.

The particular responsibilities of the committee are set out in its charter.

The Nomination & Remuneration Committee responsibilities include:

- assessing the expertise required by directors to adequately discharge the Board's duties having regard to the Group's business and financial objectives; and
- developing and implementing a process for the identification of suitable candidates for Board positions, with a view to recommending candidates to fill Board positions and sub-vacancies.

The Nomination & Remuneration Committee is also responsible for overseeing the Group's remuneration policies and practices and to ensure:

- that the Group's remuneration policies are consistent with the Group's strategic objectives; and
- that the required disclosures are made to stakeholders in relation to director and senior management remuneration in accordance with regulatory requirements and good governance principles and practice.

The Nomination & Remuneration Committee reports to the Board after each Committee meeting.

Details of director and senior executive remuneration are set out in the Remuneration Report.

Details of the number of meetings of the Nomination & Remuneration Committee and attendance of directors at those meetings are set out in the Directors' Report.

4. PROMOTING RESPONSIBLE AND ETHICAL BEHAVIOUR

4.1 Code of Conduct

ASX Best Practice Recommendations 3.1 and 3.3

The Board has adopted a Board of Directors – Code of Conduct. This Code of Conduct comprises a code setting out parameters for ethical behaviour and business practices that apply to all of the Group's directors. The Board of Directors – Code of Conduct is included as an appendix to the Board Charter which is available for review in the corporate governance section of the company's website: *www.minara.com.au.*

The Board also has adopted a Corporate Code of Conduct which requires employees who are aware of unethical practices within the Group or breaches of the company's Securities Dealing Policy to report these using the company's Whistleblower Policy. The Corporate Code of Conduct is available for review in the corporate governance section of the company's website: *www.minara.com.au.*

The Codes of Conduct are regularly reviewed and updated, as necessary, to ensure that they reflect the highest standards of behaviour and professionalism, and the practices necessary to maintain confidence in the Group's integrity.

In summary, the Codes of Conduct require that at all times the Group's directors and personnel act with the utmost integrity, objectivity and in compliance with both the letter and the spirit of the law and company policy. The directors are satisfied that the Group has complied with the Codes of Conduct during the 2009 reporting period.

4.2 Whistleblower Policy

ASX Best Practice Recommendations 3.1 and 3.3

The company has a Whistleblower Policy to support the promotion of ethical behaviour throughout the company by providing a framework for reporting, investigating and responding to issues where corrupt, illegal or undesirable conduct is observed or reported. This can be done anonymously.

The company is committed to upholding and complying with all relevant legislation and internal processes, practices and standards that promote ethical behaviour and best practice, and to maintaining an open working environment in which directors, officers, executives, employees, contractors, agents and suppliers are able to report instances of unethical, unlawful or undesirable conduct without fear of intimidation or reprisal.

The Whistleblower Policy applies to:

- directors and officers of the company; and
- executives, employees, contractors, agents and suppliers of the company.

The Company Secretary also has responsibility for the initial investigation of significant issues raised under the Whistleblower Policy. These matters are reported to the Risk Management & Compliance Committee.

The Whistleblower Policy is available for review in the corporate governance section of the company's website: *www.minara.com.au.*

4.3 Securities Ownership and Dealing

ASX Best Practice Recommendations 3.2 and 3.3

The company's Securities Dealing Policy applies to all directors, executives, employees, contractors, consultants and advisers (together Designated Persons) of the company and the Group.

The Securities Dealing Policy was implemented to:

- ensure that Designated Persons adhere to high ethical and legal standards in relation to their personal investment in company securities;
- ensure that the personal investments of Designated Persons do not conflict with the interests of the company and those of other holders of company securities;
- preserve market confidence in the integrity of dealings in company securities; and
- ensure the reputation of the company is maintained.

The company's Securities Dealing Policy complies with the ASX Best Practice Recommendations.

The Securities Dealing Policy is available for review in the corporate governance section of the company's website: *www.minara.com.au.*

The directors confirm that the Group has complied with the Securities Dealing Policy during the 2009 reporting period.

5. SHAREHOLDERS

5.1 Shareholder Communication

ASX Best Practice Recommendations 6.1 and 6.2

The company is committed to the promotion of investor confidence by ensuring that trade in its securities takes place in an efficient, competitive and informed market. The directors recognise that shareholders are entitled to receive timely and relevant high quality information about their investment and that new investors are entitled to be able to make informed investment decisions when considering the purchase of shares in the company.

The company's Shareholder Communications Policy encourages shareholder participation at Annual General Meetings of the company. A copy of the Shareholder Communications Policy is available for review in the corporate governance section of the company's website: *www.minara.com.au.*

In addition to statutory disclosure documents such as Annual Reports and quarterly production reports, the Board is committed to keeping all stakeholders informed of all material developments that affect the company in a timely manner. All company ASX announcements are uploaded onto the company's website: *www.minara.com.au.*

The external auditor is required to attend the company's Annual General Meetings and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

5.2 Continuous Disclosure

ASX Best Practice Recommendations 5.1 and 5.2

The company is a disclosing entity under the *Corporations Act 2001* and is subject to the continuous disclosure requirements under the ASX Listing Rules.

The company's Continuous Disclosure Policy was implemented to:

- ensure that the company, as a minimum, complies with its continuous disclosure obligations under the Corporations Act and the ASX Listing Rules and, as much as possible, seeks to achieve and exceed best practice;
- provide shareholders and the market with timely, direct and equal access to information issued by the company; and
- promote investor confidence in the integrity of the company and its securities.

The Managing Director is responsible for the overall administration of the Continuous Disclosure Policy and the Board endorses full and regular communication with and between directors, the Managing Director & Chief Executive Officer, the Company Secretary, senior management, the external auditors and other professional advisers, shareholders and other significant stakeholders.

All shareholders who request a printed version receive a copy of the company's Annual Report at the same time as they receive a copy of notice of the Annual General Meeting. The company's Annual Report can also be found in the reports section of the company's website: *www.minara.com.au.*

Full use is made of the Annual General Meeting to inform shareholders of current developments through appropriate presentations and to provide opportunities for questions.

The Continuous Disclosure Policy complies with the ASX Best Practice Recommendations and the directors confirm that the company has complied with the Continuous Disclosure Policy during the 2009 reporting period.

The company's Continuous Disclosure Policy can be found in the corporate governance section of the company's website: *www.minara.com.au.*

6. FINANCIAL REPORTING

The company is committed to providing shareholders with clear, transparent, and high-quality financial information in a timely manner. The company's Continuous Disclosure Policy underpins this approach.

The company requires that management complete a comprehensive questionnaire and certification process in relation to the preparation and integrity of all financial reports and the effectiveness of all internal control systems.

As part of this process, the Managing Director and Chief Financial Officer are required to certify to the Board that:

- the company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the company and Group and are in accordance with relevant accounting standards and the financial records of the company and Group are properly maintained in accordance with regulatory requirements; and
- that the above statement is founded on a sound system of risk management and internal compliance and control and which implements the policies adopted by the Board and that the company's risk management and internal compliance and control is operating efficiently and effectively in all material respects.

The financial reports of the company are produced in accordance with Australian Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accountings Standards Board and the Corporations Act and in many cases exceed the disclosure requirements of the Corporations Act and the Australian Accounting Standards Board Policy 1434. The financial statements and reports are subject to review every half year and the auditor issues an audit opinion accompanying the full year results for each financial year.

7. RISK MANAGEMENT AND INTERNAL CONTROL

ASX Best Practice Recommendations 7.1, 7.2, 7.3 and 7.4

The Board, through the Risk Management & Compliance Committee, is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. The company's policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Group's business objectives. A copy of a summary of the company's Risk Management Policy is available in the corporate governance section of the company's website: *www.minara.com.au*.

Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn lines of accountability and delegation of authority. Adherence to the Code of Conduct for directors is required at all times and the Board actively promotes a culture of quality and integrity.

An enterprise-wide risk management system, based on the Australian/New Zealand Risk Management Standard, is in place to enable the identification, management and reporting of risk throughout the business.

Detailed control procedures cover management accounting, purchases and payments, financial reporting, capital expenditure requests, project appraisal, environment, health and safety, IT security, compliance, and other risk management issues. There is a systematic review and monitoring of key business operational risks by a management group which meets at least quarterly. The management group reports on current and future risks and mitigation activities to the Risk Management & Compliance Committee. This occurs every six months or more frequently as required by the Risk Management & Compliance Committee or the Board.

The company has identified the following risk factors which the company believes represent some of the general and specific risks faced by the company. These factors are not an exhaustive list; they are provided to assist investors in understanding the inherent risks of the company:

- fluctuations in nickel and cobalt prices;
- fluctuations in foreign exchange rates;
- fluctuations in the price of sulphur;
- resource, reserve and production risk;
- increased production costs, including labour costs;
- availability of key supplies;
- Native Title;
- mineral exploration and mining activities; and
- future capital requirements.

The company recognises the importance of environmental and occupational health and safety (OH&S) issues and is committed to the highest levels of performance. To help meet this objective, the Environmental Management System and the Safety Management System were established to facilitate the systematic identification of environmental and OH&S issues and to ensure they are managed in a structured manner. This system allows the company to:

- monitor its compliance with all relevant legislation;
- continually assess and improve the impact of its operations on the environment;
- encourage employees to actively participate in the management of environmental and OH&S issues;
- work with trade associations representing the entity's businesses to raise standards;
- use energy and other resources efficiently; and
- encourage the adoption of similar standards by the entity's principal suppliers, contractors and distributors.

Detailed internal control questionnaires have been completed by the Chief Executive Officer, the Chief Financial Officer and the Company Secretary in relation to financial and other reporting every six months. These are reviewed by the Audit Committee and the company's external auditors as part of the company's reporting. The objectives of the questionnaires are to provide the necessary assurances to the Board that controls are in place to safeguard and protect the assets of the Group, that accounting records of the Group are accurately and reliably maintained and that an effective system of financial reporting, internal control and risk management are in place to present a true and fair view of the Group's financial and risk position.

The Managing Director has reported to the Board in respect of the effectiveness of the company's management of its material business risks.

The Board has received written assurance from the Managing Director and the Chief Financial Officer that the declaration in respect of the company's 2009 financial reports referred to in section 6 is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

8 ASX BEST PRACTICE RECOMMENDATIONS CHECKLIST

The company complies with the ASX Best Practice Recommendations with the exception of the recommendation that a majority of the Board should be independent directors. Using the definition of independence adopted by the ASX Corporate Governance Council, independent directors do not comprise a majority of the Board.

The following table indicates the company's compliance with the ASX Best Practice Recommendations.

		Comply
Principle 1: Lay solid foundations for management and oversight		
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	✓
1.2	Companies should disclose the process for evaluating the performance of senior executives.	✓
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	✓
Principle 2: Structure the board to add value		
2.1	A majority of the board should be independent directors.	×[1]
2.2	The chair should be an independent director.	✓
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	✓
2.4	The board should establish a nomination committee.	✓
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	✓
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2.	✓
Principle 3: Promote ethical and responsible decision-making		
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to:	
	▪ the practices necessary to maintain confidence in the company's integrity;	✓
	▪ the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and	✓
	▪ the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	✓
3.2	Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.	✓
3.3	Companies should provide the information indicated in the Guide to reporting on Principle 3.	✓
Principle 4: Safeguard integrity in financial reporting		
4.1	The board should establish an audit committee.	✓
4.2	The audit committee should be structured so that it:	
	▪ consists only of non-executive directors;	✓
	▪ consists of a majority of independent directors;	✓
	▪ is chaired by an independent chair, who is not chair of the board; and	✓
	▪ has at least three members.	✓
4.3	The audit committee should have a formal charter.	✓
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	✓
Principle 5: Make timely and balanced disclosure		
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	✓
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	✓

[1] Refer to section 2.3 of this statement.

		Comply
Principle 6: Respect the rights of shareholders		
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	✓
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	✓
Principle 7: Recognise and manage risk		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	✓
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	✓
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	✓
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	✓
Principle 8: Remunerate fairly and responsibly		
8.1	The board should establish a remuneration committee.	✓
8.2	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	✓
8.3	Companies should provide the information indicated in the Guide to reporting on Principle 8.	✓

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	Consolidated		Company	
		2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Revenue from operations	3(a)	**446,074**	425,397	**-**	14,061
Cost of production	3(c)	**(377,709)**	(417,020)	**-**	-
Gross profit from the sale of product		**68,365**	8,377	**-**	14,061
Other revenue	3(a)	**9,686**	6,808	**903**	82,000
Finance expenses	3(b)	**(2,178)**	(4,972)	**-**	-
Other expenses	3(c)	**(30,543)**	(28,365)	**(7,073)**	(6,718)
Allowances and writedowns	3(c)	**(8,004)**	(8,721)	**-**	(2,036)
Profit / (Loss) before tax		**37,326**	(26,873)	**(6,170)**	87,307
Income tax income / (expense)	4(a)	**11,209**	7,086	**1,627**	(1,592)
Profit / (Loss) for the year		**48,535**	(19,787)	**(4,543)**	85,715
Total comprehensive income / (loss) for the year		**48,535**	(19,787)	**(4,543)**	85,715
Profit / (loss) attributable to:					
Owners of the parent		**48,633**	(20,984)	**(4,543)**	85,715
Non-controlling interest	30	**(98)**	1,197	**-**	-
		48,535	(19,787)	**(4,543)**	85,715
Total comprehensive income / (loss) attributable to:					
Owners of the parent		**48,633**	(20,984)	**(4,543)**	85,715
Non-controlling interest	30	**(98)**	1,197	**-**	-
		48,535	(19,787)	**(4,543)**	85,715
Earnings per share:					
Basic (cents per share)	18	**4.16**	(3.70)		
Diluted (cents per share)	18	**4.16**	(3.70)		

Notes to the financial statements are included on pages 52 to 84.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

	Note	Consolidated		Company	
		2009	2008	**2009**	2008
		$'000	$'000	**$'000**	$'000
Current assets					
Cash and cash equivalents	27(a)	**247,142**	142,540	**2,675**	102,840
Trade and other receivables	7	**55,953**	28,964	**250,204**	142,202
Inventories	8	**72,324**	108,008	**-**	-
Current tax asset	4(c)	**-**	19,385	**-**	-
Other	9	**86**	593	**-**	-
Total current assets		**375,505**	299,490	**252,879**	245,042
Non-current assets					
Trade and other receivables	7	**1,223**	4,925	**65,527**	74,178
Inventories	8	**121,436**	114,776	**-**	-
Property, plant and equipment	11	**443,633**	496,214	**20**	34
Mine assets	12	**69,338**	71,389	**-**	-
Deferred tax assets	4(b)	**33,191**	26,252	**4,363**	506
Other	9	**1,140**	1,124	**252,656**	252,656
Financial assets	10	**-**	-	**317,539**	317,539
Total non-current assets		**669,961**	714,680	**640,105**	644,913
Total assets		**1,045,466**	1,014,170	**892,984**	889,955
Current liabilities					
Trade and other payables	13	**48,173**	54,183	**4,868**	378
Provisions	14	**8,614**	7,529	**1,435**	828
Current tax liabilities	4(c)	**667**	-	**-**	-
Total current liabilities		**57,454**	61,712	**6,303**	1,206
Non-current liabilities					
Trade and other payables	13	**30,985**	37,616	**1,030**	1,030
Provisions	14	**32,956**	40,757	**8**	516
Deferred tax liabilities	4(b)	**57,527**	59,060	**6**	7
Total non-current liabilities		**121,468**	137,433	**1,044**	1,553
Total liabilities		**178,922**	199,145	**7,347**	2,759
Net assets		**866,544**	815,025	**885,637**	887,196
Equity					
Issued capital	15	**982,444**	980,212	**982,444**	980,212
Reserves	16	**934**	182	**934**	182
Accumulated losses	17	**(112,003)**	(160,636)	**(97,741)**	(93,198)
Parent entity interest		**871,375**	819,758	**885,637**	887,196
Minority interest	30	**(4,831)**	(4,733)	**-**	-
Total equity		**866,544**	815,025	**885,637**	887,196

Notes to the financial statements are included on pages 52 to 84.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009

	Consolidated						Company			
2009	**Issued capital**	**Employee benefit reserve**	**Accum. losses**	**Attributable to owners of the parent entity**	**Non-controlling interests**	**Total**	**Issued capital**	**Employee benefit reserve**	**Accum. losses**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 January 2009	**980,212**	**182**	**(160,636)**	**819,758**	**(4,733)**	**815,025**	**980,212**	**182**	**(93,198)**	**887,196**
Total profit / (loss) for the year	-	-	48,633	48,633	(98)	48,535	-	-	(4,543)	(4,543)
Total comprehensive income / (loss) for the year	**-**	**-**	**48,633**	**48,633**	**(98)**	**48,535**	**-**	**-**	**(4,543)**	**(4,543)**
Transfer to share capital	-	-	-	-	-	-	-	-	-	-
Tax effect of rights issue transaction costs(i)	2,232	-	-	2,232	-	**2,232**	2,232	-	-	2,232
Share based payments	-	752	-	752	-	**752**	-	752	-	752
Balance at 31 December 2009	**982,444**	**934**	**(112,003)**	**871,375**	**(4,831)**	**866,544**	**982,444**	**934**	**(97,741)**	**885,637**

(i) Upon finalisation of the 2008 tax return in 2009, a deferred tax asset was recognised in relation to the rights issue transaction costs incurred in 2008.

	Consolidated						Company			
2008	**Issued capital**	**Employee benefit reserve**	**Accum. losses**	**Attributable to owners of the parent entity**	**Non-controlling interests**	**Total**	**Issued capital**	**Employee benefit reserve**	**Accum. losses**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 January 2008	**773,467**	**4,156**	**(69,658)**	**707,965**	**(5,930)**	**702,035**	**773,467**	**4,156**	**(108, 919)**	**668,704**
Total profit / (loss) for the year	-	-	(20,984)	(20,984)	1,197	(19,787)	-	-	85,715	85,715
Total comprehensive (loss) / income for the year	**-**	**-**	**(20,984)**	**(20,984)**	**1,197**	**(19,787)**	**-**	**-**	**85,715**	**85,715**
Transfer to share capital	3,974	(3,974)	-	-	-	-	3,974	(3,974)	-	-
Proceeds from rights issue	202,771	-	-	202,771	-	202,771	202,771	-	-	202,771
Dividends paid (Note 19)	-	-	(69,994)	(69,994)	-	(69,994)	-	-	(69,994)	(69,994)
Balance at 31 December 2008	**980,212**	**182**	**(160,636)**	**819,758**	**(4,733)**	**815,025**	**980,212**	**182**	**(93,198)**	**887,196**

Notes to the financial statements are included on pages 52 to 84.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	Consolidated		Company	
		2009	2008	**2009**	2008
		$'000	$'000	**$'000**	$'000
Cash flows from operating activites					
Receipts from customers		**409,109**	438,637	**-**	-
Payments to suppliers and employees		**(329,622)**	(442,783)	**(13,328)**	(2,786)
Interest received		**5,998**	4,586	**903**	-
Interest and other costs of finance paid		**-**	(1,629)	**-**	-
Income taxes received / (paid)		**25,043**	(59,195)	**-**	-
Net cash provided by / (used in) operating activities	27(b)	**110,528**	(60,384)	**(12,425)**	(2,786)
Cash flows from investing activities					
Dividends received – subsidiaries		**-**	-	**-**	82,000
Payments for property, plant and equipment	11	**(5,431)**	(77,444)	**-**	-
Sale of nickel exploration rights		**2,000**	-	**-**	-
Proceeds / (purchases) from term deposits and bonds		**5,441**	(8,786)	**(105)**	(108)
Net cash (used in) / provided by investing activities		**2,010**	(86,230)	**(105)**	81,892
Cash flows from financing activities					
Proceeds from issue of shares		**-**	210,210	**-**	210,210
Cost of issue of shares		**-**	(7,439)	**-**	(7,439)
Repayment of loans from controlled entities		**-**	-	**(87,635)**	(109,681)
Repayment of payable due to Amshell Pty Ltd	13	**(4,048)**	-	**-**	-
Dividends paid:					
– owners of the parent entity		**-**	(69,994)	**-**	(69,994)
Net cash (used in) / provided by financing activities		**(4,048)**	132,777	**(87,635)**	23,096
Net increase / (decrease) in cash and cash equivalents		**108,490**	(13,837)	**(100,165)**	102,202
Cash and cash equivalents at the beginning of the financial year		**142,540**	156,680	**102,840**	638
Effects of exchange rate changes on the balance of cash held in foreign currencies (i)		**(3,888)**	(303)	**-**	-
Cash and cash equivalents at the end of the financial year	27(a)	**247,142**	142,540	**2,675**	102,840

Notes to the financial statements are included on pages 52 to 84.

(i) The translation rate for the A$:US$ exchange rate was 0.8969 at 31 December 2009 (2008: 0.6983).

1. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2009.

At the date of authorisation of the financial report, a number of Standards and Interpretations were in issue but not yet effective:

	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 124 'Related Party Disclosures'(2009), AASB 2009-12 Amendments to Australian Accounting Standards	1 January 2011	31 December 2011
AASB 9 'AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9'	1 January 2013	31 December 2013
AASB 2009-5 'AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process'	1 January 2010	31 December 2010

At the date of authorisation of the financial report, other Standards and Interpretations, including those Standards or Interpretations issued by the IASB/IFRIC where an equivalent Australian Standard or Interpretation has not been made by the AASB, that were on issue but not yet effective were not considered to have an effect on the Consolidated Entity as at reporting date.

The directors note that the impact of the initial application of the Standards and Interpretations is not yet known or is not reasonably estimable. These Standards and Interpretations will be first applied in the financial report of the Group that relates to the annual reporting period beginning on or after the effective date of each pronouncement.

(a) Segment reporting

As at 1 January 2009 the Group determines and presents operating segments based on the information that internally is provided to the CEO, who is the Group's chief operating decision maker. This change in accounting policy is due to the adoption of AASB 8 Operating Segments. Previously operating segments were determined and presented in accordance with AASB 114 Segment Reporting. The new accounting policy in respect of segment operating disclosures is presented as follows.

Comparative segment information has been re-presented in conformity with the transitional requirements of such standard. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

(b) Presentation of the financial statements

Previously, in addition to the statement of financial position (formerly termed the 'balance sheet'), the income statement and the cash flow statement, the Group presented a statement of recognised income and expenses. As a consequence of the adoption of AASB 101 Presentation of Financial Statements (2007) and its associated amending standards, the Group no longer presents a statement of recognised income and expenses, but presents in addition to the statements listed above, a statement of comprehensive income and a statement of changes in equity.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and complies with other requirements of the law.

The financial report includes the separate financial statements of the company and the consolidated financial statements of the Group.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 26 February 2010.

Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities (including special purpose entities) controlled by the company (its subsidiaries) (referred to as 'the Group' in these financial statements). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All inter-group transactions, balances, income and expenses are eliminated in full on consolidation. In the separate financial statements of the company, intra-group transactions ('common control transactions') are generally accounted for by reference to the existing (consolidated) book value of the items.

Non controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. Non controlling interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority are allocated against the interests of the Group.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments.

(c) Taxation

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the balance sheet. The tax base of an asset or liability is the amount attributable to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination), which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from the initial recognition of goodwill.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Taxation (Continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and joint ventures except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity.

(d) Receivables

Trade and other debtors to be settled within 60-90 days are carried at original invoice amount less an allowance for any uncollectible amounts.

(e) Inventories

Inventories include stores, consumables and spares, ore stocks, work in progress and finished product that are in a form expected to be sold. Stores are valued at average cost. Where required inventories are written down to net realisable value.

Ore stocks are stockpiled for future processing if the ore has economic value. The processing of this ore is contemplated within the life of mine plan. Costs are apportioned to the ore stocks, based on proportionally allocating the total mining costs between medium and high grade ore stocks. Costs include direct and indirect mining costs, materials, labour and other fixed and variable overheads attributable to mining activities. The allocated cost of each recognised stockpile is assessed for its net realisable value, with any costs greater than assessed value being written off and charged as an expense to the income statement. Material with no economic value is also stockpiled, however no value is assigned to these stockpiles.

The value of work in progress and finished goods include mining costs and treatment and processing costs incurred to their stage of completion. All inventories are valued at the lower of cost and net realisable value. Expenses including marketing, selling and future costs of production are estimated to establish net realisable value. 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.

(f) Revenue recognition

Revenue

Sales revenue comprises revenue earned (net of sales discounts and direct selling costs) from the provision of product to customers. Nickel and cobalt sales are recognised at a provisional spot price at the date of delivery. Final repricing for nickel sales is at an average spot price of the third month following delivery. Final repricing for cobalt sales is at an average spot price of the month following delivery. Sales not finalised in the fourth quarter are recognised at the best estimate of future settlement of outstanding sales as at 31 December. Any differences between the estimates as at 31 December and final pricing are recognised when the final pricing is determined. Sales revenue is recognised when significant risk and reward is passed to the buyer. Refer also to Note 2(v).

Interest revenue is recognised on a time basis that takes into account the effective yield on the financial assets.

Other Income

The net gain or loss of non-current asset sales are included as other income/other expenses at the date significant risk and reward passes to the buyer, usually when an unconditional contract of sale is signed. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Property, plant and equipment

Items of property, plant and equipment are initially recorded at cost, being the fair value of consideration provided plus incidental costs, including an amount for rehabilitation obligations where applicable, and depreciated as outlined below. Items of property, plant and equipment, including buildings and leasehold property are depreciated/amortised using the straight-line method over their estimated useful lives. Assets are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use. Depreciation and amortisation rates are reviewed annually.

The depreciation and amortisation rates used for each class of asset are as follows:

- Plant 5%
- Motor vehicles 20%
- Office equipment 5% – 25%
- Leased plant and equipment 20% – 40%

Heap Leach costs directly attributable to the Heap Leach project have been capitalised and are stated at cost. Cost includes expenditure that is directly attributable to the acquisition or construction of the item. Depreciation is provided for at the following rates so as to write off the cost over the assets estimated useful life:

- Plant 5% – 15%
- Building and civil works 10% – 20%

(h) Mine assets

Mine assets represent the accumulation of all exploration, evaluation and development expenditure incurred by or on behalf of the Group, mine properties in relation to areas of interest and mine properties acquired.

Exploration and evaluation

Where right of tenure is current, all exploration and evaluation expenditure is capitalised in the period in which it is incurred and is impaired immediately until such time as a mineral resource is defined. Future costs will be capitalised and carried forward when there is a reasonable expectation that the costs will be recouped through development and exploitation of the area of interest or by future sale.

Development

Development costs related to an area of interest where right of tenure is current, are carried forward to the extent that it is probable that they are expected to be recouped through sale or successful exploitation of the area of interest.

Mine properties

Where mining of a mineral deposit has commenced, the accumulated development costs are transferred to mine properties. Amortisation of mine property costs is provided on the unit of production basis. The unit of production basis results in an amortisation charge proportional to the depletion of the estimated economically recoverable ore reserves.

(i) Borrowing costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings, lease finance charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the profit or loss in the period in which they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Leased assets

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Assets held under finance lease are initially recognised at their fair value, or if lower the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Refer to Note 2(i).

Contingent rentals are written off as an expense of the accounting period in which they are incurred. Capitalised lease assets are amortised on a straight-line basis over the term of the relevant lease, or where it is likely the Group will obtain ownership of the asset, the life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

(k) Impairment

At each reporting date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less cost to sell and value in use. In determining the recoverable amount estimated future cash flows are discounted to their present value on a pre-tax basis using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, (or cash generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

(l) Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the company or Group. Trade accounts payable are normally settled within 60 days.

(m) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Rehabilitation

Provision for rehabilitation is determined based on the best estimates of the consideration required to settle the present obligation at the reporting date. The provision is based on future cash flows associated with meeting rehabilitation obligations over the life of the mine, and thus the carrying amount of the provision is the present value of those cash flows. This carrying amount of the provision increases each period to reflect the passage of time, with the increase being recognised as a finance charge. The initial recognition of the net present value of the full restoration and rehabilitation provision at the beginning of each project also results in the creation of an asset (included under the classification of Property, plant and equipment) equal to that of the provision. This asset is amortised on a straight line basis over the life of the mine.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits, which are not expected to be settled within 12 months, are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Contributions to defined contribution superannuation plans are expensed when incurred.

(o) Share–based payments

Share-based compensation benefits are provided to executives via the Long Term Incentive plan.

The fair value of options and rights granted under the Long Term Incentive plan is recognised as an employee benefit expense with a corresponding increase in employee benefits reserve. The fair value of the options is calculated at the date of grant using a Binomial model and allocated to each reporting period evenly over the period from grant date to vesting date. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and service period. Upon the exercise of options, the balance of the employee benefits reserve relating to those options is transferred to issued capital.

(p) Joint ventures

The Group's interest in jointly controlled assets and operations are brought to account by including its interest in the following amounts in the appropriate categories in the balance sheet and income statement:

- each of the individual assets employed in the joint venture;
- liabilities incurred by the Group in relation to the joint venture;
- expenses incurred in relation to the joint venture.

(q) Foreign currency

The functional currency of each group entity has been determined to be Australian dollars. Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on that date.

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the income statement in the financial year in which the exchange rates change.

The translation rate for the A$:US$ exchange rate was 0.8969 at 31 December 2009 (2008: 0.6983).

(r) Derivative financial instruments

Although the company does not currently have any derivative financial instruments the following policies have been disclosed as the policies of the company. The Group is exposed to changes in interest rates, foreign exchange rates and commodity prices from its activities. The Group may use forward foreign exchange contracts, forward commodity exchange contracts and put and call options to hedge its foreign exchange rate and commodity risk. Derivative financial instruments are not held for speculative purposes.

Derivatives are initially recorded at fair value. Derivatives outstanding at the balance date are revalued to fair value and any gains or losses are brought to account in the income statement.

Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges or hedges of net investments in foreign operations.

Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges. At the inception of the hedge relationship the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instruments that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Derivative financial instruments (continued)

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss.

Hedge accounting is discontinued when the hedge instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When the forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

Derivatives that do not qualify for hedge accounting

Where certain derivative instruments do not qualify for hedge accounting, changes in the fair value of those derivative instruments are recognised immediately in profit or loss.

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

The Group does not have any forward foreign exchange contracts, forward commodity exchange contracts or put and call options.

(s) Financial assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as fair value through profit or loss which are initially measured at fair value.

Subsequent to initial recognition, investments in subsidiaries are measured at cost in the company financial statements and consolidated in the consolidated financial statements. Subsequent to initial recognition, investments in associates are accounted for under the equity method in the consolidated financial statements and the cost method in the company financial statements.

Other financial assets are classified into the following specified categories: financial assets as 'at fair value through profit or loss', 'held-to-maturity investments', 'available-for-sale' financial assets; and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period. Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss where the financial asset:

(i) has been acquired principally for the purpose of selling in the near future;
(ii) is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
(iii) is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Financial assets (continued)

Held-to-maturity investments

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates where the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Available-for-sale financial assets

Financial assets classified as being available-for-sale are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in equity.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss, to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

(t) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Earnings per share

Basic earnings per share

Basic earnings per share (EPS) is calculated by dividing the net profit attributable to members of the parent entity for the reporting period, after excluding any costs of servicing equity (other than ordinary shares and converting preference shares classified as ordinary shares for EPS calculation purposes), by the weighted average number of ordinary shares of the company, adjusted for any bonus issue.

Diluted earnings per share

Diluted EPS is calculated by dividing the basic earnings per share, adjusted by the after tax effect of financing costs associated with dilutive potential ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares, by the weighted average number of ordinary shares and dilutive potential ordinary shares adjusted for any bonus issue.

(v) Critical accounting judgements and key sources of estimation uncertainty

As a result of the uncertainties inherent in business and other activities, many items in a financial report cannot be measured with precision but can only be estimated. The estimation process involves best estimates based on the latest information available. Estimates may be required, for example, of bad debts, inventory obsolescence, provision for rehabilitation or the useful lives or expected pattern of consumption of economic benefits of depreciable assets. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Mine rehabilitation provision

The Group assesses its mine rehabilitation provision annually in accordance with the accounting policy note stated in Note 2(m). Significant judgement is required in determining the provision for mine rehabilitation, as there are many transactions and other factors that will affect the ultimate liability payable to rehabilitate the mine site. Factors that will affect this liability includes future development, changes in technology, commodity price changes and changes in interest rates. When these factors change or become known in the future, such difference will impact the mine rehabilitation provision in the period in which they change or become known.

(ii) Sales revenue

Nickel and cobalt sales are recognised at a provisional spot price at the date of delivery. Final repricing for nickel sales is at an average spot price of the third month following delivery. Final repricing for cobalt sales is at an average spot price of the month following delivery. Sales not finalised in the fourth quarter of the year are recognised at the best estimate of future settlement of outstanding sales as at the end of each reporting period. Any differences between the estimates as at the end of each reporting period and final pricing are recognised when the final pricing is determined. Refer also to Note 2(f).

(iii) Income taxes

The Group is subject to income taxes in Australia. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

(iv) Net realisable value adjustments on ore stockpiles

In accordance with accounting standard AASB 102 Inventories, the company measures its inventories at the lower of cost and net realisable value. The determination of net realisable value requires the company to use estimates and assumptions concerning future selling prices and future costs to convert ore stocks to finished goods. When these assumptions become known in the future, and to the extent that they differ from the assumptions made, such differences will impact pre-tax profit and the carrying values of inventories.

(v) Long service leave provision

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at balance date. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

(vi) Recoverable value of non current assets

In accordance with accounting standard AASB 136 Impairment of Assets, the company is required to calculate the recoverable amount of non current assets. The recoverable amount is the higher of an assets fair value less costs to sell and value in use. In determining recoverable amount the company uses estimates and assumptions concerning future selling prices, future costs and other associated variables. When these assumptions become known in the future, and to the extent that they differ from the assumptions made, such differences will impact the recoverable amount of non current assets.

		Consolidated		Company	
		2009	2008	**2009**	2008
		$'000	$'000	**$'000**	$'000

3 PROFIT FROM OPERATIONS

(a) Revenue

Revenue from operations consisted of the following items:

		Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
Sales revenue					
Revenue from sale of product	– Nickel (i)	**402,500**	361,833	**-**	14,647
	– Cobalt	**60,963**	80,468	**-**	-
	– Other	**2,106**	1,668	**-**	-
Sales discounts, commission and freight charges		**(19,495)**	(18,572)	**-**	(586)
		446,074	425,397	**-**	14,061
Other revenue					
Dividends	– Subsidiaries	**-**	-	**-**	82,000
Interest revenue	– Bank deposits	**5,998**	4,586	**903**	-
Ore royalty (ii)		**1,443**	1,967	**-**	-
Other		**2,245**	255	**-**	-
		9,686	6,808	**903**	82,000

(i) As at 31 December 2009, 5,107 metric tonnes (MT) nickel sales for the fourth quarter (2008: 4,918 MT) were provisionally priced at US$18,452/MT (2008: US$11,609/MT), with final repricing to occur in the first quarter of 2010 under the Nickel and Cobalt Off take Agreements. Refer Note 25 for nickel sales in the wholly owned group.

(ii) Ore royalty represents royalties received in respect of ore processed from the Abednego tenements that do not eliminate on consolidation.

(b) Finance expenses

	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
Unwinding of discount relating to the provision for rehabillitation	**(2,178)**	(3,343)	**-**	-
Interest on secured loan	**-**	(33)	**-**	-
Other costs of finance	**-**	(1,596)	**-**	-
	(2,178)	(4,972)	**-**	-

3 PROFIT FROM OPERATIONS (CONTINUED)

(c) Profit / (loss) before tax

Profit / (loss) before income tax has been arrived at after charging the following expenses from operations:

	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
Cost of production				
Production costs	**(317,860)**	(355,333)	**-**	-
Depreciation of property, plant and equipment	**(43,166)**	(41,024)	**-**	-
Amortisation of mine properties	**(1,871)**	(5,942)	**-**	-
Operating lease expense – minimum lease payments	**(4,789)**	(4,604)	**-**	-
Royalties	**(10,023)**	(10,117)	**-**	-
Total cost of production	**(377,709)**	(417,020)	**-**	-
Other expenses				
Corporate	**(7,998)**	(9,044)	**(6,321)**	(6,718)
Murrin Murrin administration and other	**(7,067)**	(12,033)	**-**	-
Equity share-based payments	**(752)**	-	**(752)**	-
Accrual for native title payable	**(887)**	(751)	**-**	-
Net foreign exchange losses (i)	**(13,839)**	(6,552)	**-**	-
Profit / (loss) on disposal of property, plant and equipment	**-**	15	**-**	-
	(30,543)	(28,365)	**(7,073)**	(6,718)

(i) Foreign exchange losses are generated on the receipt of sales revenue when booking the receipt against the debtor and on retranslation of monetary balances denominated in foreign currencies.

Profit / (loss) before income tax has been arrived at after (charging) / crediting the following gains and losses:

	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
Allowances and write downs				
Inventory write (down) / back	**(598)**	2,392	**-**	-
Inventory price adjustment	**(1,293)**	(8,119)	**-**	-
Medium grade ore stock write down	**(886)**	(115)	**-**	-
Write-offs (Note 11)	**(5,213)**	(662)	**-**	-
Impairment of exploration and evaluation	**(14)**	(2,217)	**-**	(2,036)
Unrealised foreign exchange and commodity price gains / (losses) on nickel prepayments (Note 25)	**-**	-	**79,621**	(292,006)
(Provision for) / reversal of diminution in nickel prepayment – controlled entities (Note 25)	**-**	-	**(79,621)**	292,006
	(8,004)	(8,721)	**-**	(2,036)
Employee benefit expense:				
Post employment benefits:				
Defined contribution plans	**5,370**	6,177	**331**	331
Share based payments	**752**	-	**752**	-
Other employee benefits	**58,350**	63,937	**5,874**	5,874
	64,472	70,114	**6,957**	6,205

	Consolidated		Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000

4 INCOME TAXES

(a) Income tax recognised in profit or loss

	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
Tax income / (expense) comprises:				
Current tax (expense) / income	**(13,430)**	3,568	**1,596**	-
Adjustments recognised in the current year in relation to the current tax of prior years	**18,225**	(448)	**-**	-
Deferred tax income / (expense) relating to the origination and reversal of temporary differences	**4,469**	3,966	**31**	(1,592)
Benefit arising from previously unrecognised tax losses, tax credits or temporary differences of a prior period that are used to reduce:				
– current tax expense	**1,945**	-	**-**	-
Total tax income / (expense)	**11,209**	7,086	**1,627**	(1,592)

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
Profit / (loss) from operations	**37,326**	(26,873)	**(6,170)**	87,307
Income tax expense / (income) calculated at 30%	**11,198**	(8,062)	**(1,852)**	26,192
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:				
Employee options	**225**	-	**225**	-
R & D permanent uplift	**(4,620)**	-	**-**	-
Tax offset for franked dividends	**-**	-	**-**	(24,600)
Income tax losses not brought to account	**213**	528	**-**	-
	7,016	(7,534)	**(1,627)**	1,592
Adjustments recognised in the current year in relation to the current tax of prior years	**(18,225)**	448	**-**	-
Total tax (income) / expense	**(11,209)**	(7,086)	**(1,627)**	1,592

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

(b) Deferred tax balances

	Consolidated		Company	
	2009	2008	**2009**	2008
Deferred tax assets comprise:	**$'000**	$'000	**$'000**	$'000
Temporary differences	**33,191**	26,252	**4,363**	506
	33,191	26,252	**4,363**	506
Deferred tax liabilities comprise:				
Temporary differences	**57,527**	59,060	**6**	7
	57,527	59,060	**6**	7

(c) Current tax (asset) / liabilities

	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
Income tax payable / (receivable)	**667**	(19,385)	**-**	-
	667	(19,385)	**-**	-

4 INCOME TAXES (CONTINUED)

Taxable and deductible temporary differences arise from the following:

2009	Consolidated			Company		
	Opening balance $'000	**Charged to income $'000**	**Closing balance $'000**	**Opening balance $'000**	**Charged to income $'000**	**Closing balance $'000**
Gross deferred tax liabilities:						
Property, plant and equipment	22,856	996	23,852	-	6	6
Mine assets	21,417	(616)	20,801	7	(7)	-
Inventories	14,787	(1,913)	12,874	-	-	-
	59,060	(1,533)	57,527	7	(1)	6
Gross deferred tax assets:						
Provisions	26,252	6,939	33,191	506	3,857	4,363
	26,252	6,939	33,191	506	3,857	4,363
	32,808	(8,472)	24,336	(499)	(3,858)	(4,357)

2008	Consolidated			Company		
	Opening balance $'000	**Charged to income $'000**	**Closing balance $'000**	**Opening balance $'000**	**Charged to income $'000**	**Closing balance $'000**
Gross deferred tax liabilities:						
Property, plant and equipment	17,101	5,755	22,856	-	-	-
Mine assets	23,182	(1,765)	21,417	7	-	7
Inventories	12,580	2,207	14,787	-	-	-
	52,863	6,197	59,060	7	-	7
Gross deferred tax assets:						
Provisions	19,532	6,720	26,252	2,098	(1,592)	506
	19,532	6,720	26,252	2,098	(1,592)	506
	33,331	(523)	32,808	(2,091)	1,592	(499)

Unrecognised deferred tax balances

	Consolidated		Company	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
The following deferred tax assets have not been brought to account as assets:				
Tax losses	**20,466**	20,181	**-**	-
	20,466	20,181	**-**	-

Tax consolidation

Relevance of tax consolidation to the Consolidated Entity

As at 31 December 2009, the directors have not made a decision to elect to be taxed as a single entity.

5 KEY MANAGEMENT COMPENSATION

Details of key management personnel

P Coates	Non-executive Director and Chairman	**M Ocskay**	Alternate Non-executive Director
P Johnston	Managing Director & Chief Executive Officer	**W Ashworth**	General Manager Operations
J Morrison	Non-executive Director	**D Pile**	Chief Financial Officer until 31 December 2009
I Glasenberg	Non-executive Director	**C Sargent**	General Counsel & Company Secretary
W Strothotte	Non-executive Director	**J Cooke**	Business Development Manager
M Macpherson	Non-executive Director	**M Brown**	Engineering Services Manager

Compensation policy

The information outlining the key management personnel compensation policy has been transferred into the Directors' Report (refer Directors' Report).

Compensation

The aggregate of the key management personnel compensation of the Consolidated Entity and the company is set out below:

	Consolidated		Company	
	2009	2008	**2009**	2008
	$	$	**$**	$
Short-term benefits	**4,518,342**	6,002,794	**3,592,424**	4,269,390
Post-employment benefits	**301,110**	347,123	**216,645**	217,737
Termination benefits	**372.880**	1,948,947	**372,880**	416,000
Share-based payments	**217,123**	-	**132,544**	-
	5,409,455	8,298,864	**4,314,493**	4,903,127

Share options and rights

No options were held, issued or exercised during the financial year.

An independent consultant BDO Consultants (WA) Pty Ltd was retained to value the rights and they have used the following assumptions to arrive at a valuation:

Item	First Tranche	**2009 Transitional LTI Scheme**	**2009 LTI Scheme**
Underlying security spot price	$0.35	$0.91	$0.91
Exercise price	-	-	-
Dividend rate	5.5%	5.5%	5.5%
Standard deviation of returns (annualised)	75%	75%	75%
Risk free rate	4.38%	4.38%	4.38%
Valuation/issue date	18 Feb 09	21 Sep 09	21 Sep 09
Vesting date	31 Dec 10	31 Dec 10	31 Dec 11
Vesting period (years)	1.28	1.28	2.28
Binominal valuation ($ per security)	$0.326	$0.848	$0.803

The following reconciles the outstanding share options/rights granted under the long term incentive schemes at the beginning and end of the financial year:

	2009 Number of rights	2008 Number of options / rights
Balance at 1 January 2009	**-**	2,055,903
Lapsed during the year	**(351,446)**	(24,772)
Exercised during the year	-	(2,031,131)
Granted during the year	**5,966,300**	-
Balance as at 31 December 2009	**5,614,854**	-
The balance comprises:		
Outstanding share rights held by key management personnel	**1,513,700**	-
Outstanding share rights held by other staff members	**4,101,154**	-
	5,614,584	-

There is no weighted average exercise price for the rights as no consideration is payable for the vesting of the rights.

5 KEY MANAGEMENT COMPENSATION (CONTINUED)

LTI Scheme 2008

The key terms of the 2008 LTI Scheme are as follows:

- each performance right is personal and non-assignable;
- holders of performance rights are not entitled to participate in new issues of securities offered to shareholders other than a bonus issue;
- the performance rights are subject to the satisfaction of certain performance hurdles, with the principal hurdle relating to the Total Shareholder Return (TSR) of the company;
- performance rights will not vest before 1 January 2010;
- the performance rights do not attract the benefit of share ownership including dividend or voting entitlements prior to vesting;
- performance rights have a nil exercise price;
- shares will be issued at a nil exercise price on or around 1 January 2010 following satisfaction of the performance hurdles;
- the directors may, not withstanding the satisfaction of any performance or other hurdles, at any time prior to shares being allotted on vesting of the performance rights or options to a participant, determine that all performance rights and options granted on a particular date will lapse.

Subject to the Directors' approval, if the minimum performance criteria were satisfied for the 2008 LTI Scheme, performance rights would have been granted to participants as soon as practicable after 1 January 2009. However, options would only be granted on 1 January 2010 and only if the relevant participant remained employed by the group at that time.

As the minimum performance criteria were not satisfied during the period 1 January 2008 to 31 December 2008, no performance rights were granted and no options or shares were issued pursuant to the 2008 LTI Scheme.

Transition LTI Scheme 2009 and LTI Scheme 2009

The key terms of the performance rights granted under the Transition 2009 LTI Scheme and 2009 LTI Scheme are as follows:

- each performance right is personal and non-assignable;
- holders of performance rights are not entitled to participate in new issues of securities offered to shareholders other than a bonus issue;
- the performance rights are subject to the satisfaction of certain performance hurdles, with the principal hurdle relating to the Total Shareholder Return (TSR) of the company;
- under the 2009 Transition LTI Scheme, performance rights will not vest before 1 January 2011;
- under the 2009 LTI Scheme, performance rights will not vest before 1 January 2012;
- the performance rights do not attract the benefit of share ownership including dividend or voting entitlements prior to vesting;
- performance rights have a nil exercise price;
- under the Transition 2009 LTI Scheme shares will be issued at a nil exercise price on or around 1 January 2011 following satisfaction of the performance hurdles;
- under the 2009 LTI Scheme shares will be issued at a nil exercise price on or around 1 January 2012 following satisfaction of the performance hurdles;
- the directors may, not withstanding the satisfaction of any performance or other hurdles, at any time prior to shares being allotted on vesting of the performance rights to a participant, determine that all performance rights granted on a particular date will lapse.

5 KEY MANAGEMENT COMPENSATION (CONTINUED)

2009
Rights holdings

Name	Held								
	No. at 1 Jan 2009	Granted as compensation	Exercised	Lapsed	No. at 31 Dec 2009	Vested 31 Dec 2009	Vested and exercisable 31 Dec 2009	Vested and unexercisable 31 Dec 2009	Value of options exercised at the exercise date $
Directors									
P Coates	-	-	-	-	-	-	-	-	-
P Johnston	-	390,000	-	-	390,000	-	-	-	-
J Morrison	-	-	-	-	-	-	-	-	-
I Glasenberg	-	-	-	-	-	-	-	-	-
W Strothotte	-	-	-	-	-	-	-	-	-
M Macpherson	-	-	-	-	-	-	-	-	-
Other Key Management Personnel									
D Pile (i)	-	351,446	-	351,446	-	-	-	-	-
W Ashworth	-	351,446	-	-	351,446	-	-	-	-
C Sargent	-	268,208	-	-	268,208	-	-	-	-
J Cooke	-	254,336	-	-	254,336	-	-	-	-
M Brown	-	249,710	-	-	249,710	-	-	-	-
	-	**1,865,146**	**-**	**351,446**	**1,513,700**	**-**	**-**	**-**	**-**

(i) Rights lapsed on cessation of employment on 31 December 2009.

2009
Equity Holdings

Name	Held					
	No. at 1 Jan 2009	Granted as compensation	Received on exercise of Options	Divestment	Equity acquired (non-option related)	No. at 31 Dec 2009
Directors						
P Coates	151,000	-	-	-	-	151,500
P Johnston	3,129,000	-	-	-	-	3,129,000
J Morrison	-	-	-	-	-	-
I Glasenberg (i)	-	-	-	-	-	-
W Strothotte (i)	-	-	-	-	-	-
M Macpherson	25,000	-	-	-	-	25,000
Other Key Management Personnel						
D Pile	65,000	-	-	(40,000)	-	25,000
W Ashworth	124,000	-	-	-	-	124,000
C Sargent	-	-	-	-	-	-
J Cooke	10,000	-	-	-	-	10,000
M Brown	-	-	-	-	-	-
	3,504,500	**-**	**-**	**(40,000)**	**-**	**3,464,500**

(i) Mr I Glasenberg and Mr W Strothotte hold an indirect interest in 824,829,760 ordinary shares.

5 KEY MANAGEMENT COMPENSATION (CONTINUED)

2008

Options and rights holdings

Name	Held					Vested	Vested and exercisable	Vested and unexercisable	Value of options exercised at the exercise date
	No. at 1 Jan 2008	Granted as compensation	Exercised	Lapsed	No. at 31 Dec 2008	31 Dec 2008	31 Dec 2008	31 Dec 2008	$
Directors									
P Coates	-	-	-	-	-	-	-	-	-
P Johnston	504,000	-	(504,000)	-	-	-	-	-	-
J Morrison	-	-	-	-	-	-	-	-	-
I Glasenberg	-	-	-	-	-	-	-	-	-
W Strothotte	-	-	-	-	-	-	-	-	-
M Macpherson	-	-	-	-	-	-	-	-	-
Other Key Management Personnel									
D Pile	120,000	-	(120,000)	-	-	-	-	-	-
W Ashworth	49,600	-	(49,600)	-	-	-	-	-	-
C Sargent	-	-	-	-	-	-	-	-	-
J Cooke	52,572	-	(52,572)	-	-	-	-	-	-
M Brown	48,229	-	(48,229)	-	-	-	-	-	-
	774,401	**-**	**(774,401)**	**-**	**-**	**-**	**-**	**-**	**-**

2008

Equity Holdings

Name	Held					
	No. at 1 Jan 2008	Granted as compensation	Received on exercise of Options	Divestment	Equity acquired (non-option related)	No. at
Directors						
P Coates	-	-	-	-	151,500	151,500
P Johnston	1,000,000	-	504,000	-	1,625,000	3,129,000
J Morrison	-	-	-	-	-	-
I Glasenberg (i)	-	-	-	-	-	-
W Strothotte (i)	-	-	-	-	-	-
M Macpherson	10,000	-	-	-	15,000	25,000
Other Key Management Personnel						
D Pile	-	-	120,000	(95,000)	40,000	65,000
W Ashworth	-	-	49,600	-	74,400	124,000
C Sargent	-	-	-	-	-	-
J Cooke	-	-	52,572	(42,572)	-	10,000
M Brown	-	-	48,229	(48,229)	-	-
	1,010,000	**-**	**774,401**	**(185,801)**	**1,905,900**	**3,504,000**

(i) Mr I Glasenberg and Mr W Strothotte hold an indirect interest in 824,829,760 ordinary shares.

6 REMUNERATION OF AUDITORS

	Consolidated		Company	
	2009 **$**	2008 $	**2009** **$**	2008 $
Auditor of the parent entity				
Audit and review of the financial report	**355,200**	334,000	**355,200**	334,000
Taxation services:				
Tax compliance and advisory	**527,993**	306,247	**85,481**	33,110
Other non-audit services - assurance services	**28,661**	64,500	**28,661**	64,500
	911,854	704,747	**469,342**	431,610

The auditor of Minara Resources Limited for the 2009 financial year was Deloitte Touche Tohmatsu.

7 TRADE AND OTHER RECEIVABLES

	Consolidated		Company	
	2009 **$'000**	2008 $'000	**2009** **$'000**	2008 $'000
Current				
Trade debtors (i)	**48,242**	11,762	**37**	2
Term deposits (ii)	**3,888**	9,329	**318**	213
Other receivables	**3,206**	4,984	**-**	-
Receivables from controlled / related entities	**617**	2,889	**249,849**	141,987
	55,953	28,964	**250,204**	142,202
Non-current				
Receivables from controlled entities	**-**	-	**76,120**	84,771
Allowance for diminution in receivable	**-**	-	**(10,593)**	(10,593)
Other receivables	**1,223**	4,925	**-**	-
	1,223	4,925	**65,527**	74,178

(i) Trade debtors include amounts owed to the Consolidated Entity from the sale of finished product to Glencore under Nickel and Cobalt Offtake Agreements of $48,241,521 (2008: $11,762,131). All sales under the off take agreements are on normal commercial terms and conditions. The average credit period on sales of goods is 37 days from the date of invoice.

There were no receivables that are past due but not impaired.

(ii) Term deposits also include other secured deposits as follows:

	Consolidated		Company	
	2009 **$'000**	2008 $'000	**2009** **$'000**	2008 $'000
Amounts secured by bank issued indemnity guarantees	**801**	684	**318**	213

8 INVENTORIES

	Consolidated		Company	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Current				
Raw materials – at cost	**52,526**	76,452	**-**	-
Raw materials written down	**(7,839)**	(8,233)	**-**	-
	44,687	68,219	**-**	-
Ore stocks – at cost	**10,107**	18,314	**-**	-
Work in progress – at cost	**13,153**	19,534	**-**	-
Finished goods – at cost	**4,377**	1,941	**-**	-
Total current inventories	**72,324**	108,008	**-**	-
Non-current				
Ore stocks	**122,322**	114,891	**-**	-
Ore stocks written down	**(886)**	(115)	**-**	-
Total non-current inventories (i)	**121,436**	114,776	**-**	-
Total Inventory	**193,760**	222,784	**-**	-
(i) Reconciliation of non-current ore stocks				
Ore stocks – at cost	**117,248**	111,240	**-**	-
Ore stocks – net realisable value	**4,188**	3,536	**-**	-
	121,436	114,776	**-**	-

9 OTHER ASSETS

	Consolidated		Company	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Current				
Other	**86**	593	**-**	-
	86	593	**-**	-
Non-current				
Nickel prepayments (Note 25(b))	**-**	-	**445,077**	365,456
Impairment in nickel prepayments (Note 25(b))	**-**	-	**(192,421)**	(112,800)
Secured deposits (i)	**1,140**	1,124	**-**	-
	1,140	1,124	**252,656**	252,656

(i) Secured by a bank issued indemnity guarantee.

10 OTHER NON-CURRENT FINANCIAL ASSETS

	Consolidated		Company	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Investment in controlled entities – at cost	**-**	-	**317,539**	317,539
	-	-	**317,539**	317,539

	Consolidated Plant and equipment at cost $'000	Consolidated Equipment under finance lease at cost $'000	Consolidated Total $'000	Company Plant and equipment at cost $'000	Company Equipment under finance lease at cost $'000	Company Total $'000
11 PROPERTY, PLANT AND EQUIPMENT						
Gross carrying amount						
Balance at 1 January 2008	679,167	-	679,167	1,079	996	2,075
Additions	77,463	-	77,463	-	-	-
Disposals	(54)	-	(54)	-	-	-
Write offs	(662)	-	(662)	-	-	-
Balance at 1 January 2009	**755,914**	**-**	**755,914**	**1,079**	**996**	**2,075**
Additions	**5,431**	**-**	**5,431**	**-**	**-**	**-**
Reduction in rehabilitation asset	**(9,648)**	**-**	**(9,648)**	**-**	**-**	**-**
Write offs	**(5,213)**	**-**	**(5,213)**	**-**	**-**	**-**
Balance at 31 December 2009	**746,484**	**-**	**746,484**	**1,079**	**996**	**2,075**
Accumulated depreciation / amortisation and impairment						
Balance at 1 January 2008	(218,729)	-	(218,729)	(1,045)	(996)	(2,041)
Disposals / write offs	53	-	53	-	-	-
Depreciation expense	(41,024)	-	(41,024)	-	-	-
Balance at 1 January 2009	**(259,700)**	**-**	**(259,700)**	**(1,045)**	**(996)**	**(2,041)**
Disposals / write offs	**14**	**-**	**14**	**(14)**	**-**	**(14)**
Depreciation expense	**(43,165)**	**-**	**(43,165)**	**-**	**-**	**-**
Balance at 31 December 2009	**(302,851)**	**-**	**(302,851)**	**(1,059)**	**(996)**	**(2,055)**
Net book value						
As at 31 December 2008	496,214	-	496,214	34	-	34
As at 31 December 2009	**443,633**	**-**	**443,633**	**20**	**-**	**20**

	Consolidated			Company		
	Mine properties at cost $'000	Development at cost $'000	Total $'000	Mine properties at cost $'000	Development at cost $'000	Total $'000
12 MINE ASSETS						
Gross carrying amount						
Balance at 1 January 2008	92,969	23,800	116,769	5,648	-	5,648
Additions	2,277	-	2,277	2,035	-	2,035
Disposals	-	-	-	-	-	-
Balance at 1 January 2009	**95,246**	**23,800**	**119,046**	**7,683**	**-**	**7,683**
Additions	**-**	**-**	**-**	**-**	**-**	**-**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 31 December 2009	**95,246**	**23,800**	**119,046**	**7,683**	**-**	**7,683**
Accumulated depreciation/amortisation and impairment						
Balance at 1 January 2008	(39,498)	-	(39,498)	(5,648)	-	(5,648)
Disposals	-	-	-	-	-	-
Impairment of exploration and evaluation	(2,217)	-	(2,217)	(2,035)	-	(2,035)
Amortisation expense	(5,942)	-	(5,942)	-	-	-
Balance at 1 January 2009	**(47,657)**	**-**	**(47,657)**	**(7,683)**	**-**	**(7,683)**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**
Impairment of exploration and evaluation	**(14)**	**-**	**(14)**	**-**	**-**	**-**
Amortisation expense	**(2,037)**	**-**	**(2,037)**	**-**	**-**	**-**
Balance at 31 December 2009	**(49,708)**	**-**	**(49,708)**	**(7,683)**	**-**	**(7,683)**
Net book value						
As at 31 December 2008	47,589	23,800	71,389	-	-	-
As at 31 December 2009	**45,538**	**23,800**	**69,338**	**-**	**-**	**-**

Aggregated depreciation allocated during the year is recognised as an expense and disclosed in Note 3(c) to the financial statements.

The Consolidated Entity has capitalised for the year ended 31 December 2009 $14,000 (2008: $2,217,000) of exploration and evaluation expenditure, all of which has been impaired.

13 TRADE AND OTHER PAYABLES

	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
Current				
Trade payables & accruals	**46,577**	49,817	**265**	378
Other payables	**1,596**	4,366	**4,603**	-
	48,173	54,183	**4,868**	378
Non-current				
Other payables (i)	**30,985**	37,616	**1,030**	1,030
	30,985	37,616	**1,030**	1,030

(i) Includes an amount of $22,049,145 (2008: $26,096,921) payable to Amshell Pty Limited, a subsidiary of Glencore, and relates to the acquisition of Abednego Nickel Pty Limited.

This is payable over the life of the Abednego tenements (currently planned at approximately 10 years) in line with ore delivered to the Joint Venture.

14 PROVISIONS

	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
Current				
Employee benefits (i)	**7,714**	6,527	**1,435**	828
Provision for rehabilitation	**900**	1,002	**-**	-
	8,614	7,529	**1,435**	828
Non-current				
Employee benefits (i)	**1,168**	1,023	**8**	516
Provision for rehabilitation	**31,788**	39,734	**-**	-
	32,956	40,757	**8**	516

	Consolidated Rehabilitation (ii) $'000	**Company Rehabilitation (ii) $'000**
Balance at 1 January 2009	**40,736**	**-**
Change in estimate of rehabilitation obligation	**(9,647)**	**-**
Expenditure incurred	**(579)**	**-**
Unwind discount expense for the year	**2,178**	**-**
Balance at 31 December 2009	**32,688**	**-**

(i) The present value of employee entitlements not expected to be settled within the twelve months from balance date have been calculated using the following weighted averages:

	Consolidated 2009	Consolidated 2008	Company 2009	Company 2008
Assumed rate of increase in wage and salary rates (%)	**3**	3	**3**	3
Discount rate (%)	**5**	5	**5**	5
Settlement term (years)	**5**	5	**5**	5

(ii) The provision for rehabilitation represents the future expected cost of rehabilitation as a result of current mining operations. The rehabilitation provision is the best estimate of the expenditure required to settle the present obligation at the reporting date. The unwinding of the discount in the provision is charged to the profit or loss as an interest expense.

	Consolidated		Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000

15 CONTRIBUTED EQUITY

1,167,783,517 fully paid ordinary shares (2008: 1,167,783,517)	**982,444**	980,212	**982,444**	980,212

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

	Company 2009		Company 2008	
	No.		**No.**	
	'000	$'000	**'000**	$'000
Fully paid ordinary shares				
Balance at beginning of financial period	**1,167,783**	980,212	**465,082**	773,467
Shares issued from exercise of options	**-**	-	**2,031**	3,974
Shares issued from rights issue	**-**	2,232	**700,670**	202,771
Balance at end of financial period	**1,167,783**	982,444	**1,167,783**	980,212

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

	Consolidated		Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000

16 RESERVES

Employee equity-settled benefits	**934**	182	**934**	182
	934	182	**934**	182

The equity-settled employee benefits reserve arises on the grant of share rights/options to executives and senior employees under the employee share plan. Amounts are transferred out of the reserve and into issued capital when the rights / options are granted / exercised.

	Consolidated		Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Employee equity-settled benefits reserve				
Balance at beginning of financial year	**182**	4,156	**182**	4,156
Share-based payment	**752**	-	**752**	-
Transfer to share capital	**-**	(3,974)	**-**	(3,974)
Balance at end of financial year	**934**	182	**934**	182

17 ACCUMULATED LOSSES

	Consolidated		Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Balance at beginning of financial period	**(160,636)**	(69,658)	**(93,198)**	(108,919)
Net profit attributable to members of the parent entity	**48,633**	(20,984)	**(4,543)**	85,715
Dividends paid (Note 19)	**-**	(69,994)	**-**	(69,994)
Balance at end of financial period	**(112,003)**	(160,636)	**(97,741)**	(93,198)

	Consolidated	
	2009	2008
	Cents per share	Cents per share

18 EARNINGS PER SHARE

Basic earnings per share	**4.16**	(3.70)
Diluted earnings per share	**4.16**	(3.70)

The earnings used in the calculation of basic earningsand diluted earnings per share are as follows:

	2009	2008
	$'000	$'000
Profit / (loss) attributable to owners of the parent	**48,633**	(20,984)

	2009	2008
	No.	No.
Basic earnings per share		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**1,167,783,517**	567,055,453

	2009	2009
Diluted earnings per share	**No.**	No.
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**1,169,664,192**	567,591,060

	Consolidated	
	2009	2008
	No.	No.
The weighted average number of ordinary shares for the purposes of diluted earnings per share (EPS) reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:		
Weighted average number of ordinary shares used in the calculation of basic EPS	**1,167,783,517**	567,055,453
Shares deemed to be issued for no consideration in respect of:		
Employee rights	**1,880,675**	535,607
Weighted average number of ordinary shares used in the calculation of diluted EPS	**1,169,664,192**	567,591,060

For 2008 the basic earnings per share and diluted earnings per share calculations have been recalculated to reflect the rights issue completed in December 2008. As a result the weighted average number of shares increased by 50,639,019 for basic earnings per share and 50,686,849 for diluted earnings per share. The number of shares have been apportioned on a pro rata basis for the relevant time period.

	2009		2008	
	Cents per share	**Total $'000**	Cents per share	Total $'000

19 DIVIDENDS

	2009 Cents per share	2009 Total $'000	2008 Cents per share	2008 Total $'000
Fully paid ordinary shares				
Interim dividend:				
Fully franked	**-**	**-**	-	-
Final dividend:				
Fully franked	**-**	**-**	15	69,994
	-	**-**	15	69,994

No dividend was declared or is proposed in respect of the financial year ended 31 December 2009.

	Consolidated		Company	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Adjusted franking account balance	**5,356**	30,158	**5,445**	5,303

20 COMMITMENTS FOR EXPENDITURE

(a) Capital expenditure commitments

	Consolidated		Company	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Capital expenditure requisitioned but not provided and payable at balance date is:				
Plant and equipment				
Not longer than 1 year	**2,154**	3,217	**-**	-
Longer than 1 year but not longer than 5 years	**-**	-	**-**	-
Longer than 5 years	**-**	-	**-**	-
	2,154	3,217	**-**	-

(b) Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the company and the Consolidated Entity are required to perform minimum exploration work to meet the minimum expenditure requirements specified by the State Government of Western Australia. These obligations are subject to renegotiation when application for a mining lease is made and at other times. The commitments not provided and payable at balance date are:

	Consolidated		Company	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Not longer than 1 year	**4,276**	4,918	**886**	1,013
Longer than 1 year but not longer than 5 years	**17,113**	20,697	**3,376**	5,427
Longer than 5 years	**104,610**	126,654	**18,750**	33,920
	125,999	152,269	**23,012**	40,360

c) Other commitments

Other commitments relating to property and access agreements not provided and payable at balance date are:

	Consolidated		Company	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Not longer than 1 year	**67**	796	**-**	-
Longer than 1 year but not longer than 5 years	**7,566**	9,966	**-**	-
Longer than 5 years	**27,985**	39,985	**-**	-
	35,618	50,747	**-**	-

The Joint Venture has commitments relating to camp facilities, handling facilities, grade control drilling and calcrete mining and processing, maintenance contracts and industrial gas supply which predominantly relate to the earnings of revenue in the ordinary course of business.

21 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent liabilities

(i) The details and estimated maximum amounts of contingent liabilities that may become payable are set out below. The directors are not aware of any circumstances or information, which would lead them to believe that these liabilities will materialise and consequently no provisions are included in the financial statements in respect of these matters.

(ii) The Consolidated Entity has entered into agreements with numerous native title groups. Where agreements have not been reached with claimants the Consolidated Entity and the Project are adhering to the procedures as laid down in the Native Title Act. The Consolidated Entity is confident that any remaining tenements, which are now minimal, required for the Project will be granted.

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 alleging breaches of an agreement entered into with Anaconda Nickel Ltd on 6 September 1996. Minara is vigorously defending these proceedings.

The matter in relation to the third party claim in proceedings by Mr Toby Beazley was settled during the period.

Financing arrangements

(iii) The group has in place bank guarantee facilities of $40,065,900 (2008: $40,082,900) of which $1,502,866 (2008: $36,016,102) was utilised. $330,900 are in favour of the Minister of Mines (2008: $34,728,200) and $1,171,966 to other third parties (2008: $1,287,902).

22 PARTICULARS IN RELATION TO CONTROLLED ENTITIES

Name	Note	Class of Share	Interest Held % 2009	Interest Held % 2008
Minara Resources Holdings Pty Ltd		Ord	**100**	100
Murrin Murrin Holdings Pty Ltd		Ord	**100**	100
Murrin Murrin Operations Pty Ltd	1,2	Ord	**100**	100
Minara Pastoral Holdings Pty Ltd	1	Ord	**60**	60
Quartz Water Leonora Pty Ltd	1	Ord	**60**	60
Mount Margaret Nickel Pty Ltd	1	Ord	**60**	60
Nickel Burner Tavern Pty Ltd	1	Ord	**100**	100
Murrin Murrin East Pty Ltd	1	Ord	**100**	100
Yundamindra Pastoral Holdings Pty Ltd	1	Ord	**60**	60
Murrin Murrin Investments Pty Ltd	1	Ord	**60**	60
Abednego Nickel Pty Ltd	1	Ord	**100**	100
Canning Basin Investments Pty Ltd	1	Ord	**100**	100
Jenlore Pty Ltd	1	Ord	**100**	100
MGM Gold Pty Ltd	1	Ord	**100**	100
Murrin Murrin Resources Pty Ltd	1	Ord	**100**	100
Anaconda Exploration Pty Ltd	1	Ord	**100**	100
Minara (Ravensthorpe) Pty Ltd	1	Ord	**100**	-
Pilbara Nickel Pty Ltd	1	Ord	**100**	100
Leonora Metals Pty Ltd	1	Ord	**100**	100
Rentals (Calcrete) Pty Ltd	1	Ord	**60**	60
Rentals (Cogen) Pty Ltd	1	Ord	**60**	60
Rentals (Village) Pty Ltd	1	Ord	**60**	60
South Coast Metals Pty Ltd	1	Ord	**100**	100

1. These companies are small proprietary companies, incorporated in Australia, as defined by the Corporations Act and are not required to be audited for statutory purposes.

2. Manager of the Murrin Murrin Joint Venture.

23 JOINTLY CONTROLLED OPERATIONS AND ASSETS

Murrin Murrin Holdings Pty Ltd has a 60% interest in the Murrin Murrin JV Project (Project). Murrin Murrin Operations Pty Ltd is the operator of the Project.

The Consolidated Entity has incurred expenditure on the Murrin Murrin East Project in a 60/40 joint venture arrangement with Glencore. The expenditure relates to feasibility studies on exploration and evaluation interests originally owned by Murrin Murrin East Pty Ltd (MME) a wholly owned controlled entity of the Company.

Included in the assets of the consolidated entity are the following items, which represent the Consolidated Entity's interest in the assets employed in the Murrin Murrin JV Project (60%) and Murrin Murrin East Project (60%), recorded in accordance with the accounting policies described in Note 2.

The Consolidated Entity's interest in assets employed in the above jointly controlled operations and assets is detailed below. The amounts are included in the consolidated financial statements under their respective asset categories:

	Consolidated	
	2009	2008
	$'000	$'000
Current assets		
Cash	**5,111**	13,358
Trade and other receivables	**225**	366
Receivables	**6,002**	11,184
Inventory	**67,947**	106,067
Other	**-**	524
Total current assets	**79,285**	131,499
Non-current assets		
Receivables	**3,301**	4,710
Inventory	**121,436**	114,776
Property, plant and equipment	**430,034**	481,828
Mine assets	**69,337**	71,389
Other	**1,165**	1,123
Total non-current assets	**625,273**	673,826
Total assets	**704,558**	805,325

The Consolidated Entity has interests in other exploration joint ventures, however these are not considered material.

Contingent liabilities and capital commitments

The capital commitments and contingent liabilities arising from the Consolidated Entity's interests in joint ventures are disclosed in Notes 20 and 21 respectively.

24 OPERATING SEGMENTS

The Group has one reportable segment, as described below. The Group's Chief Executive Officer reviews internal management reports on a monthly basis. The following summary describes the operations in the Group's reportable segments;

- Nickel mining: includes the mining, processing and refining of nickel lateritic ore to produce LME grade nickel briquettes.

Given the Group has one reporting segment, operating result and financial information are not separately disclosed in this note.

Geographical segments

The Group operates in one geographical location, being Western Australia.

Major Customer

Revenues from the Group's main customer represents 100% of the Group's total revenue.

25 RELATED PARTY DISCLOSURES

(a) Transactions with other related parties

Glencore International AG (Glencore)

(i) In January 2002, Murrin Murrin Holdings Pty Ltd (MMH) entered into a Nickel Offtake Agreement (NOA) and a Cobalt Offtake Agreement (COA) with Glencore. The NOA allows Glencore to purchase up to 24,000 tonnes of nickel per annum from MMH, for a period up to 30 November 2006, at a 4% discount to the prevailing London Metal Exchange quoted price. The COA allows Glencore to purchase MMH's entire share of cobalt produced by the Project for a period up to 30 November 2006, at a 3.5% discount on the market sale price subject to a minimum/maximum discount of 30c/lb and 50c/lb respectively. The NOA and COA were approved by shareholders at an extraordinary general meeting on 9 January 2002. On 30 November 2005, both the NOA and the COA were extended for a further five years from 1 December 2006.

(ii) The Murrin Murrin Joint Venture entered into an offtake agreement with Glencore Land (Australia) Pty Ltd, a subsidiary of Glencore, commencing 1 February 2009 following a tender process which included a number of parties. The offtake agreement allows Glencore Land to purchase all ammonium sulphate produced as a by-product of the refining process. The agreement is for a period of three years at a fixed price for the first year and market linked price for the second and third years.

Details of Glencore representatives are as disclosed in Note 5 and in the Remuneration Report within the Directors' Report.

(b) Wholly Owned Group

During the period there were no tonnes of nickel (2008:1,360) sold/delivered to Minara under a forward sale agreement. At 31 December 2009, the balance owing to Minara from MMH under the forward sale agreement was 21,042 (2008: 21,042) tonnes of nickel. On revaluation of the balance at a provisional transaction price of US$18,452/MT (2008: US$11,609/MT) an unrealised foreign exchange and commodity price gain of A$79,620,500 (2008: loss of A$292,005,859) was recognised. As there is no timeframe for delivery Minara has provided fully for the revaluation. The forward sales contracts are on an arms length basis in US Dollars.

All receivables and payables with related entities are unsecured, interest free, and repayable on demand.

(c) Other Related Parties

The company provides corporate and other administration services to its controlled entities and the Project from which it recovers 50% (2008: 50%) of the agreed rechargeable costs. These transactions are in the normal course of business and on normal terms and conditions. These services amounted to $2,517,062 (2008: $2,599,010). Glencore as the owner of 40% of the project would have taken up 40% of this charge being $1,006,825 (2008: $1,039,604).The project purchased ore from Canning Basin Investments Pty Ltd, which is owned 60% by the Consolidated Entity. The agreement is based on the unit price per tonne processed by the Murrin Murrin Joint Venture. During the year, Canning Basin Investments Pty Ltd received $1,443,109 from the project for ore processed (2008: $1,966,714).

(d) Parent entities

The holding company and ultimate holding company is Glencore International AG.

26 SUBSEQUENT EVENTS

Subsequent to the reporting period, pursuant to a deed of settlement, the matter in relation to the claim by the Goolburthunoo Native Title Group and the NEIB has been settled. The terms of the settlement are confidential but have been finalised on terms satisfactory to the parties. The amount has been recognised as at 31 December 2009.

Other than as mentioned above, there has not arisen any other matter in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the company, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

	Consolidated		Company	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000

27 NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of cash and cash equivalents

Cash and cash equivalents	**247,142**	142,540	**2,675**	102,840

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments.

(b) Reconciliation of profit for the period to net cash flows from operating activities

Profit / (loss) for the year	**48,535**	(19,787)	**(4,543)**	85,715
adjusted for the following items:				
Non-cash interest and other cost of finance paid	**2,178**	3,343	**-**	-
Depreciation and amortisation	**45,036**	46,966	**14**	72
Write-off of property, plant and equipment	**6,205**	662	**-**	-
Unrealised foreign exchange (gains) / losses	**3,887**	304	**-**	-
Allowance for inventory obsolescence	**(394)**	(2,392)	**-**	-
Medium grade ore write-down	**886**	115	**-**	-
Other inventory adjustments	**1,294**	8,119	**-**	-
Employee share based payments	**752**	-	**752**	-
Settlement of deferred sales	**-**	-		(14,061)
Dividend income	**-**	-	**-**	(82,000)
Income taxes received	**25,043**	-	**-**	-
Other provisions	**-**	172	**-**	-
Accrual for native title	**887**	751	**-**	-
Sale of nickel rights	**(2,000)**	-	**-**	-
Ore royalty accrual	**(1,443)**	(1,967)	**-**	-
Increase in current tax liability	**(2,737)**	(6,563)	**2,231**	-
Increase in deferred tax balances	**(8,472)**	(523)	**(3,858)**	1,592
Changes in net assets and liabilities:				
(Increases) / decreases in assets:				
Receivables	**(27,285)**	19,233	**(34)**	89
Inventory	**26,374**	(23,527)	**-**	-
Other assets	**876**	1,010	**-**	-
Increases / (decreases) in liabilities:				
Trade creditors	**(9,445)**	(89,830)	**(7,086)**	5,590
Provisions	**351**	3,530	**99**	217
Net cash provided from / (used in) operating activities	**110,528**	60,384	**(12,425)**	(2,786)

(c) Non-cash financing and investment activities

There were no non-cash financing and investing activities undertaken by the Consolidated Entity during the financial period.

	Consolidated		Company	
	2009	2008	**2009**	2008
	$A'000	$A'000	**$A'000**	$A'000

28 AMOUNTS RECEIVABLE / (PAYABLE) IN FOREIGN CURRENCIES

Amounts receivable / (payable) in foreign currency which are not effectively hedged:

United States dollars (equivalent):				
Cash	**23,680**	29,651	**-**	-
Current - Receivables	**48,242**	11,762	**-**	-
Current - Payables	**(3,599)**	(2,750)	**-**	-

29 FINANCIAL INSTRUMENTS

(a) Capital risk management

The Consolidated Entity and the company manage their capital to ensure that constituent entities are able to continue as a going concern whilst retaining an optimal debt to equity balance. The capital structure of the Group and the company consists of equity attributable to equity holders of the parent, comprising Contributed Equity (Note 15), Reserves (Note 16) and Accumulated Losses (Note 17).

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

	Consolidated		Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
(c) Categories of financial instruments				
Financial assets				
Cash and cash equivalents	**247,142**	142,540	**2,675**	102,840
Loans and receivables	**58,402**	35,606	**315,731**	216,380
Financial liabilities				
Amortised cost:				
Loans, trade payables and provisions	**111,846**	132,535	**5,898**	1,408

(d) Financial risk management objectives

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on the use of financial derivatives.

(e) Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. Hence exposure to exchange rate fluctuations arise. The Group remains unhedged against foreign currency fluctuations.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	Liabilities		Assets	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
US dollars	**3,599**	2,750	**71,922**	41,413

29 FINANCIAL INSTRUMENTS (CONTINUED)

(f) Foreign currency sensitivity

The Group is mainly exposed to US dollars.

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the US dollar. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible changes in foreign exchange rates.

	Liabilities		Assets	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Profit or (loss) – increase 10%	**(312)**	(240)	**(6,538)**	(3,765)
– decrease 10%	**381**	292	**7,991**	4,601

US dollar denominated transactions occur consistently throughout the year. In management's opinion, the sensitivity analysis is not representative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

(g) Interest rate risk management

The company and the Group are exposed to interest rate risk as entities in the Group hold cash and term deposits and borrow funds at both fixed and floating interest rates. The risk is managed by the Group maintaining an appropriate mix between fixed and floating rate borrowings.

The company and the Group's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity

The Group has cash on hand and no outstanding loans, and as such does not have a material exposure to interest rates as at 31 December 2009.

(h) Commodity price risks

Under the terms of the Glencore Offtake Agreement (Note 25) the Group is exposed to movements in the nickel prices on un-finalised sales.

The following table details the sensitivity of an increase or decrease of 10% in the price of nickel on financial assets and financial liabilities:

	Liabilities		Assets	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Profit or (loss)	**343**	204	**10,085**	7,850

Commodity sales occur consistently throughout the year. In management's opinion, the sensitivity analysis is not representative of the inherent commodity price risk as the year end exposure does not reflect the exposure during the year.

(i) Credit risk management

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The credit risk on financial assets, excluding investments, of the Group and the company, which have been recognised on the balance sheet, is the carrying amount, net of any allowance for doubtful debts.

Credit risk in respect of cash, deposits and receivables is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency.

29 FINANCIAL INSTRUMENTS (CONTINUED)

(j) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework of the Group's short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining reserves adequate for immediate requirements and achieving returns on capital via investing excess funds in highly liquid short term investments.

The following tables detail the company and the Group's remaining contractual maturity for its non-derivative financial assets and liabilities. The tables have been drawn up based on the undiscounted cash flows expected to be received/paid by the Group.

2009	Weighted average effective interest rate	Maturity					
		Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
Group	%	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets:							
Non interest bearing	-	-	52,151	-	-	1,223	53,374
Interest bearing							
Variable interest rate instrument	3.88	247,142	-	-	-	-	247,142
Other – secured deposits	3.75	-	5,028	-	-	-	5,028
		247,142	57,179	-	-	1,223	305,544
Financial liabilities:							
Non interest bearing	-	-	48,173	-	8,936	22,049	79,158
Provisions	-	-	-	-	-	89,047	89,047
		-	48,173	-	8,936	111,096	168,205

2008	Weighted average effective interest rate	Maturity					
		Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
Group	%	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets:							
Non interest bearing	-	-	20,228	-	-	4,925	25,153
Interest bearing							
Variable interest rate instrument	5.45	142,540	-	-	-	-	142,540
Other – secured deposits	4.20	-	10,453	-	-	-	10,453
		142,540	30,681	-	-	4,925	178,146
Financial liabilities:							
Non interest bearing	-	-	54,183	-	11,519	26,097	91,799
Provisions	-	-	-	-	-	90,137	90,137
		-	54,183	-	11,519	116,234	181,936

29 FINANCIAL INSTRUMENTS (CONTINUED)

2009	Weighted average effective interest rate	Maturity					
		Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
Company	%	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets:							
Non interest bearing	-	-	249,886	-	-	65,527	315,413
Interest bearing							
Variable interest rate instrument	3.88	2,675	-	-	-	-	2,675
Other – secured deposits	3.75	-	318	-	-	-	318
		2,675	250,204	-	-	65,527	318,406
Financial liabilities:							
Non interest bearing	-	-	4,868	-	1,030	-	5,898
Provisions	-	-	-	-	-	-	-
		-	4,868	-	1,030	-	5,898

2008	Weighted average effective interest rate	Maturity					
		Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
Company	%	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets:							
Non interest bearing	-	-	141,989	-	-	74,178	216,167
Interest bearing							
Variable interest rate instrument	5.45	102,840	-	-	-	-	102,840
Other – secured deposits	4.20	-	213	-	-	-	213
		102,840	142,202	-	-	74,178	319,220
Financial liabilities:							
Non interest bearing	-	-	378	-	1,030	-	1,408
Provisions	-	-	-	-	-	-	-
		-	378	-	1,030	-	1,408

(k) Net fair value of financial instruments

The carrying amounts of financial assets and financial liabilities recorded at amortised cost approximate their fair values

30 MINORITY INTEREST

	Consolidated		Company	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Minority interests in controlled entities comprise:				
Interest in retained profits at the beginning of the financial period – restated	**(4,733)**	(5,930)	**-**	-
Interest in profit from ordinary activities after income tax	**(98)**	1,197	**-**	-
Interest in retained profits at the end of the financial period	**(4,831)**	(4,733)	**-**	-

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 31 DECEMBER 2009

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company and the Consolidated Entity;

(c) the directors have been given the declarations required by s295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Directors:

P Coates AO
Chairman

PB Johnston
Managing Director & Chief Executive Officer

Perth, 26th day of February 2010

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Woodside Plaza
Level 14
240 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

DX 206
Tel: +61 (0) 8 9365 7000
Fax: +61 (0) 8 9365 7001
www.deloitte.com.au

Independent Auditor's Report to the members of Minara Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Minara Resources Limited, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of cash flows and statement of changes in equity for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 48 to 85.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Deloitte.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

(a) the financial report of Minara Resources Limited is in accordance with the *Corporations Act 2001*, including:
   (i) giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2009 and of its performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 23 to 33 of the directors' report for the year ended 31 December 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Minara Resources Limited for the year ended 31 December 2009, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Ross Jerrard
Partner
Chartered Accountants
Perth, 26 February 2010

ASX ADDITIONAL INFORMATION

ADDITIONAL INFORMATION REQUIRED BY THE AUSTRALIAN SECURITIES EXCHANGE LISTING RULES AND NOT DISCLOSED ELSEWHERE IN THIS REPORT

HOME EXCHANGE

The company's ordinary shares are quoted on the Australian Securities Exchange. The home exchange is Perth.

SUBSTANTIAL SHAREHOLDERS

As at 17 March 2010, the following substantial shareholders as disclosed in substantial shareholder notices given to the company are as follows:

Shareholder	Ordinary Shares	Percentage of Total Ordinary Shares
Glencore International AG	824,829,760	70.63

VOTING RIGHTS

As at 17 March 2010, there were 1,167,783,517 ordinary shares. All issues shares carry voting rights on a one for one basis.

As at 17 March 2010, there were zero unlisted options over ordinary shares.

DISTRIBUTION OF SHAREHOLDINGS

As at 17 March 2010, the distribution of shareholdings was:

Range	Total Holders	Units	% Issued Capital
1-1000	3,017	1,839,952	0.16
1001-5000	4,747	13,496,084	1.16
5001-10,000	1,807	14,543,745	1.25
10,001-100,000	2,297	65,579,663	5.62
100,001-9,999,999,999	174	1,072,324,073	91.83
Total Issued Capital	**12,042**	**1,167,783,517**	**100**

UNMARKETABLE PARCELS

As at 17 March 2010, a marketable parcel of shares constituted 625 shares ($500). There were 1,510 holders of less than a marketable parcel.

TWENTY LARGEST SHAREHOLDERS

As at 17 March 2010, the twenty largest shareholders held 88.17% of the total issued fully paid ordinary shares.

Rank	Name	Units	% of Issued Capital
1	Glencore International AG	824,829,760	70.63
2	J P Morgan Nominees Australia Limited	54,907,162	4.70
3	HSBC Custody Nominees (Australia) Limited	44,420,858	3.80
4	National Nominees Limited	33,684,654	2.88
5	Citicorp Nominees Pty Limited	14,228,474	1.22
6	ANZ Nominees Limited <Cash Income A/C>	14,159,648	1.21
7	Queensland Investment Corporation C/- National Nominees Limited	9,391,072	0.80
8	Emichrome Pty Ltd	4,450,240	0.38
9	Citicorp Nominees Pty Limited <CFSIL CFS WS Small Comp A/C>	3,742,370	0.32
10	Nefco Nominees Pty Ltd	3,536,198	0.30
11	UBS Nominees Pty Ltd	3,462,280	0.30
12	Mr Peter Johnston	3,129,000	0.27
13	Mr Bruce Lankshear <Lankshear S/F A/C>	3,000,502	0.26
14	Australian Reward Investment Alliance	2,140,624	0.18
15	Mmynot Pty Ltd <Mmynot A/C>	1,979,872	0.17
16	Berne No 132 Nominees Pty Ltd <376804 A/C>	1,886,164	0.16
17	Fodiro Pty Ltd <Gary Kam Family A/C>	1,728,668	0.15
18	CS Fourth Nominees Pty Ltd	1,694,000	0.15
19	Communications Power Inc (Aust) Pty Ltd	1,666,668	0.14
20	Berta Bart & Frederick Bart & Philip Bart	1,647,818	0.14
Total		**1,029,686,032**	**88.16**

GLOSSARY OF TERMS

A$
is Australian currency / Australian dollars.

Australian Accounting Standards
are standards, ranked internationally, for conducting accounting operations within the private, public and not-for-profit sectors.

cash costs
are direct production costs, such as for mining, milling, smelting, refining, maintenance, marketing, freight and selling.

commissioning
is bringing plant or equipment into operation at a rate approximating its design capacity.

Corporations Act
is the Corporations Act 2001 (Cth).

cost of sales
includes all cash and non-cash production costs, any selling, marketing and administration costs and takes into account any stock movements and royalties.

cutoff grade
is the lowest grade of mineralised material considered economic to process. It is used in the calculation of the quantity of ore present in a given deposit.

disabling injury
is an injury that results in the injured person being disabled so that they are unable to return to their ordinary occupation the following day.

disabling injury frequency rate (DIFR)
is the number of disabling injuries per million man hours worked.

environmental non-compliance incidents
are incidents or circumstances that breach statutory environmental obligations established through legislation, regulation or a site operating licence.

fitness for work
relates to a person's capacity to work safely and free of impairment due to stress, fatigue and the effects of drugs and/or alcohol.

franking credits
apply for shareholders who receive franked dividends from a company, entitling them to a tax offset for the tax paid by that company on its income. The tax offset is referred to as a "franking credit".

fully-allocated cost
includes all mining and processing costs, cash costs, plus any amortisation, depreciation, royalty and administration costs less intermediate and co-product revenue. This figure is used by independent agencies to assess the real cost of mine production, and is broadly similar to the cost of sales figure used.

Global Reporting Initiative
is an initiative to develop, promote and disseminate an internationally accepted framework for voluntary reporting of the economic, environmental, and social performance of an organisation.

grade
is the proportion of metal or mineral present in ore, or any other host material, expressed in this document as per cent, grams per tonne or ounces per tonne.

greenhouse gas emissions
are emissions of carbon dioxide and other gases, such as methane, that cause the "greenhouse effect".

head grade
is the average grade of ore delivered to the mill.

HPAL
is high pressure acid leaching.

Indicated Mineral Resource
is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence, as more particularly described in the JORC Code.

Inferred Mineral Resource
is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a low level of confidence, as more particularly described in the JORC Code.

Joint Venture
Murrin Murrin Joint Venture (Minara 60%).

JORC Code
is the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2004).

leach circuits
are part of the process where nickel and cobalt metals are extracted into solution from ore by reaction with chemicals such as sulphuric acid. The solution is then separated from the solids for metal recovery.

London Metal Exchange, or the LME
is a major "spot" market for selling metals outside long-term contracts. As such, it provides useful benchmark or reference prices.

lost-time injury
is an injury that results in the injured person being absent from work, as a direct result of the severity and nature of the injury, for one full shift or longer.

lost time injury frequency rate (LTIFR)
is the number of lost-time injuries per million hours worked.

Measured Mineral Resource
is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence, as more particularly described in the JORC Code.

Mineral Resource
is a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction, as more particularly described in the JORC Code.

mineralisation
is a concentration of valuable solid minerals.

minerals
are any inorganic, naturally-occurring element or compound. All metals and most chemicals are derived from products extracted by the resources industry.

MMJV
Murrin Murrin Joint Venture (Minara 60%)

nickel metal
is the near-pure metal produced at Murrin Murrin.

ore
is mineralisation from which a metal(s) or mineral(s) can be economically extracted.

Ore Reserve
is the economically mineable part of a Measured and/or Indicated Mineral Resource, as more particularly described in the JORC Code.

Probable Ore Reserves
is the economically mineable part of an Indicated and in some cases a Measured Mineral Resource, as more particularly described in the JORC Code.

Proved Ore Reserves
is the economically mineable part of a Measured Mineral Resource, as more particularly described in the JORC Code.

risk management
is any process that identifies, assesses and addresses risk.

royalties
are payable to the State Government upon the extraction and recovery of metals from the mining leases.

stakeholders
are people or organisations who have a general, financial or business interest in an enterprise.

sulphide
is a naturally-occurring compound of metal and sulphur.

sustainability
relates to business operations and development that meet the needs of the present without compromising the ability of future generations to meet their needs.

tailings
are the wastes which are rejected from a concentrating process after the recoverable valuable minerals have been extracted.

US$
is United States currency / United States dollars.

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CORPORATE DIRECTORY

Directors

Peter Coates AO
Chairman, Non-executive Director

Peter Johnston
Managing Director & Chief Executive Officer

John Morrison
Non-executive Director

Ivan Glasenberg
Non-executive Director

Willy Strothotte
Non-executive Director

Malcolm Macpherson
Non-executive Director

Markus Ocskay
Alternate Non-executive Director for Willy Strothotte

Company Secretary
Cynthia Sargent

Head office and registered office

Level 4
30 The Esplanade
PERTH WA 6000

PO Box Z5523
St George's Terrace
PERTH WA 6831
Telephone (08) 9212 8400
Facsimile (08) 9212 8401

Internet
www.minara.com.au

Email
info@minara.com.au

Auditors
Deloitte Touche Tohmatsu
Woodside Plaza,
Level 14, 240 St George's Terrace
PERTH WA 6000

Share registry

Computershare Investor Services Pty Ltd

Level 2, Reserve Bank Building
45 St George's Terrace
PERTH WA 6000
Telephone (08) 9323 2000
Facsimile (08) 9323 2033

Internet www.computershare.com.au

Further information

Copies of this report, or further information, can be obtained through requests in writing to Investor Relations, Minara Resources Limited, PO Box Z5523, St George's Terrace, PERTH WA 6831 or emailing info@minara.com.au.

This report is also available in electronic form at www.minara.com.au

Feedback

To provide feedback on this report, please email info@minara.com.au or write to the Company Secretary, Minara Resources Limited, PO Box Z5523, St George's Terrace, PERTH WA 6831.

MINARA RESOURCES LIMITED
2009 ANNUAL REPORT

www.minara.com.au