

# HALF YEARLY RESULTS

## 30 June 2010



### ABOUT MINARA

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

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

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

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

ASX CODE: MRE



## SIGNIFICANT EVENTS

- Profit after tax of \$39.3 million
- Cash on hand at 30 June 2010 of \$363 million
- Nickel production of 14,512 tonnes
- \$111 million return of capital to shareholders to be paid on 6 September 2010

## FINANCIAL

The company recorded a net profit after tax for the half year to 30 June 2010 of \$39.3 million (2009: loss \$3.1 million).

At the General Meeting on 17 August 2010, shareholders approved a return of capital of 9.5 cents per share. This will result in approximately \$111 million being returned to shareholders. The record date for determining the Minara shareholders entitled to participate in the return of capital was Wednesday, 25 August 2010. The return of capital is expected to be paid to shareholders on Monday, 6 September 2010.

At 30 June 2010, cash on hand was \$363 million. The company remains debt free with a strong balance sheet.

The Board has not declared a dividend for the period.

## FINANCIAL RESULTS

	Units	6 Months Ended 30 June 2010	6 Months Ended 30 June 2009
Revenue from operations	\$ million	233.7	190.1
Gross profit	\$ million	55.1	4.7
Net profit/(loss) after tax	\$ million	39.3	(3.1)
Net cash flow	\$ million	115.4	(14.8)

The operation's direct cash costs (Brook Hunt C1) for the six months ended 30 June 2010 increased to US\$5.76 per lb nickel, net of by-product credits (2009: US\$4.99 per lb). The increase in unit costs is attributed to the negative impact on production by the pipeline failure incident in the June quarter (approximately 2,000 tonnes lost nickel production), compounded by the cost of associated rectification and modification works, all of which has been expensed and therefore included in C1 costs.

## PRODUCTION

Production at Murrin Murrin for the six months to 30 June 2010 was 14,512 tonnes of nickel packaged, and 1,008 tonnes of cobalt packaged. During the six month period to 30 June 2009, production was 15,604 tonnes of nickel packaged, and 1,084 tonnes of cobalt packaged.

Production during the half-year was impacted by a pipeline failure on 25 May 2010 in one of the four ore-leach autoclave circuits. A comprehensive investigation established the root cause of the failure as a 'steam collapse' event. Rectification activities have been completed to address the root cause and prevent further occurrences.

The Murrin Murrin production guidance for the 2010 calendar year remains unchanged and is at the lower end of 30,000 – 34,000 tonnes of nickel (Minara's share 60%). This guidance takes into account the impact of the pipeline failure and the budgeted triennial major plant shut scheduled for October 2010.

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

## MURRIN MURRIN PRODUCTION

	6 months Ended 30 June 2010	6 months Ended 30 June 2009
Nickel Production (tonnes)	14,512	15,604
Cobalt Production (tonnes)	1,008	1,084
<b>Minara's Equity (60%)</b>		
Nickel (tonnes)	8,707	9,362
Cobalt (tonnes)	604	650

## CAPITAL PROGRAM

During the half-year to 30 June 2010, the company incurred capital expenditure of \$9 million. This represents 60% of the capital expenditure incurred by the Murrin Murrin Joint Venture (MMJV)

Major capital expenditure items included commissioning of the high density slurry (HDS) project, preparatory and construction tasks for stage two of in-pit tailings deposition, and work on a sixth reduction autoclave unit in the refinery's nickel circuit.

## PURCHASE OF MT LUCKY MAGANESE TENEMENTS

On 10 August 2010 Minara announced the purchase by the MMJV (Minara's share 60%) of the Mt Lucky manganese tenements near Laverton, Western Australia, from Crescent Gold Limited for \$3 million. The purchase comprises two mining leases and one exploration licence. This acquisition will provide Murrin Murrin with a source of manganese mineralisation which

enhances the processing of nickel sulphide ore and nickel sulphide concentrate through the high-pressure acid leach circuit.

## **SAFETY**

Four lost time injuries and 13 disabling injuries were reported during the half-year to 30 June 2010, taking the 12 month rolling average lost time injury frequency rate (LTIFR) to 30 June 2010 to 2.79 (June 2009: 1.04) and the 12 month rolling average disabling injury frequency rate (DIFR) to 30 June 2010 to 4.88 (June 2009: 1.39).

The injury statistics were influenced by an increase in the number of personnel on site during 2010, on average exceeding 2009 workforce numbers by 24 percent month-on-month. The company continues to focus heavily on implementing comprehensive safety initiatives across the business and safety leadership culture.

## **METAL MARKETS**

The nickel market remains volatile. During the half-year period the nickel LME cash settlement price ranged from a low of US\$17,035 per tonne to a high of US\$27,600 per tonne.

The cobalt price (99.3% LMB) has also varied. During the half-year period it ranged from a low of US\$17.10 per lb to a high of US\$21.75 per lb.

## **CEO'S COMMENTS**

"The A\$111 million return of capital to eligible shareholders reflects the Board's confidence in our financial position. It is pleasing that we were able to undertake this return of capital and maintain strong cash reserves.

"The purchase of Crescent Gold's Mt Lucky tenements near Laverton provides us with a reliable source of manganese, and will enable the company to process additional nickel-sulphide feeds.

"Minara's focus is to complete our statutory maintenance shutdown in October and then consolidate a steady production profile at Murrin Murrin."



**Peter Johnston**  
Managing Director and CEO

31 August 2010

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