MINARA RESOURCES LIMITED ASX CODE: MRE
ACN 060 370 783
26 February 2010

ASX ANNOUNCEMENT

PRELIMINARY FINAL REPORT

The Directors of Minara Resources Limited announce a gross profit of $68.4 million and a net profit of $48.5 million for the 12 month period ending 31 December 2009.

This Preliminary Final Report is lodged with the Australian Stock Exchange under Listing Rule 4.3A.

ENDS

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APPENDIX 4E

Preliminary Final Report
Year Ended 31 December 2009

Lodged with the ASX under Listing Rule 4.3A

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APPENDIX 4E

1. Details of the reporting period and the previous corresponding period.

The current reporting period is 1 January 2009 to 31 December 2009. The previous corresponding comparative period is 1 January 2008 to 31 December 2008.

2. Results for announcement to the market

Revenue from ordinary activities	Up	5%	to	$446 million
Profit from ordinary activities after tax	Up	345%	to a profit of	$49 million
Net profit for the period attributable to members	Up	332%	to a profit of	$49 million

Dividends (distributions)	**Amount per security**	**Franked amount per security**
Proposed dividend in relation to this period	Nil	Nil
+Record date for determining entitlements to the dividend	n/a	

	31 December 2009	**31 December 2008**
NTA Backing Net tangible asset backing per share	$0.74	$0.70

Minara Resources Limited's principal activity is a 60% shareholding in, and management of, the Murrin Murrin Nickel Cobalt Joint Venture.

DIRECTORS' REPORT
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.

MINARA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
ACN 060 370 783

DIRECTORS' REPORT
FOR THE 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 focussed 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

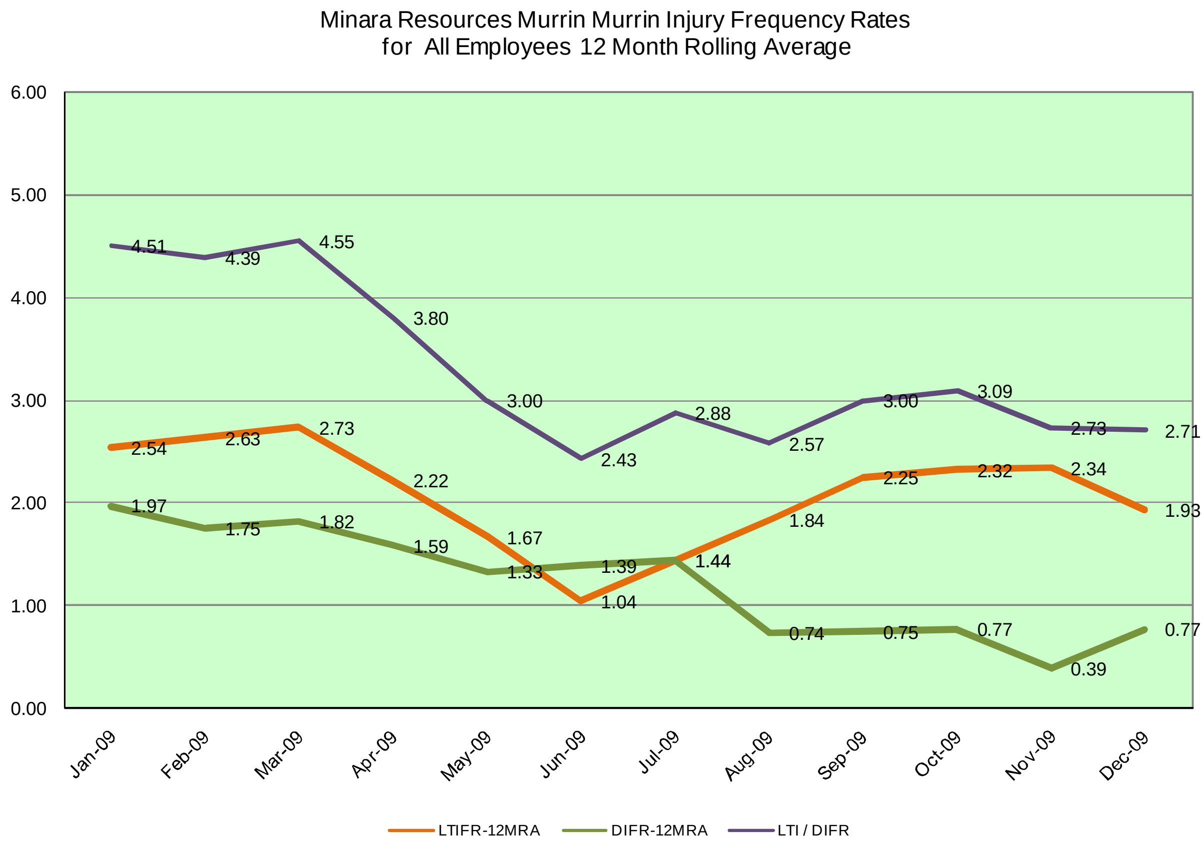
The company's safety performance is measured by Lost Time Injury Frequency Rate (**LTIFR**) and Disabling Injury Frequency Rate (**DIFR**).

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

The **DIFR** 12 month rolling average ("12MRA") to 31 December 2009 was 0.77 (2008: 1.64). The **LTIFR** 12 month rolling average ("12MRA") 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.

Figure 1



Environment

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

METAL MARKETS

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

Figure 2

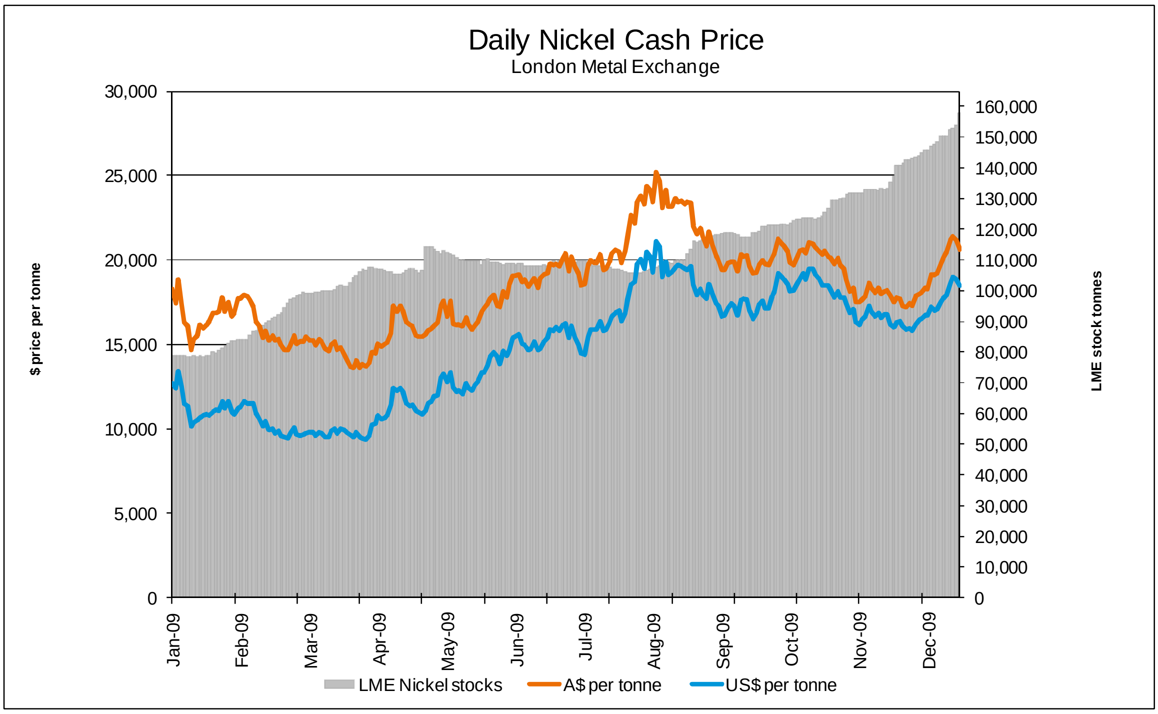
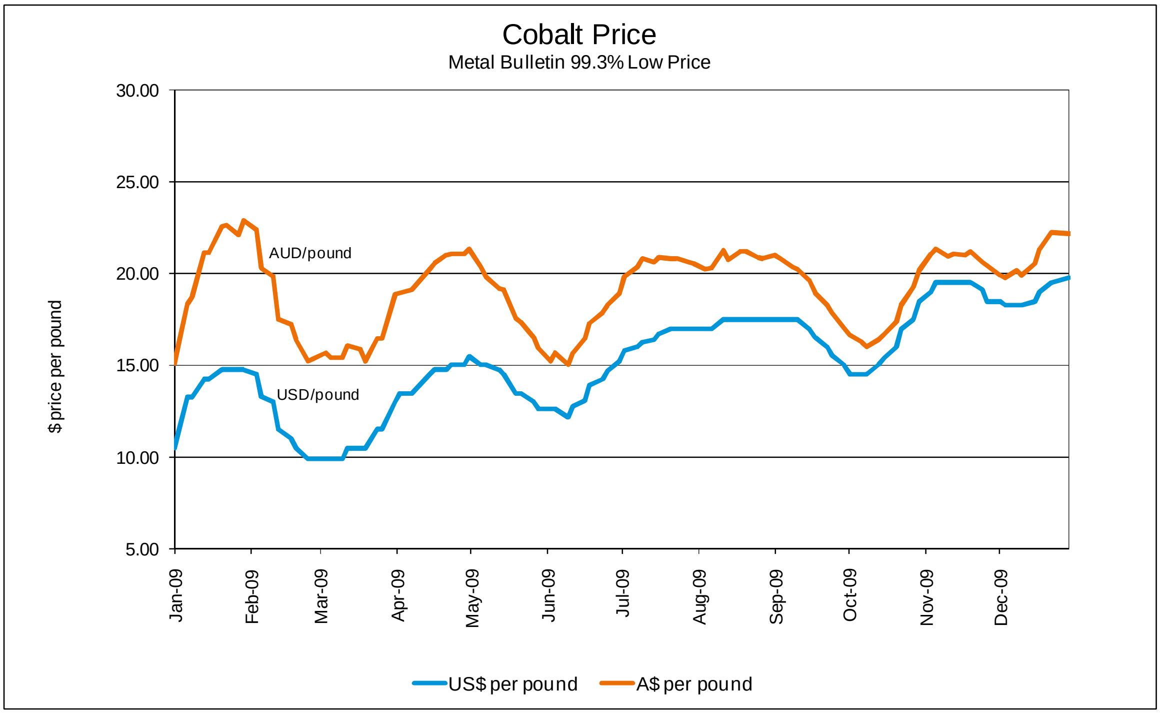


Figure 3



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.

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 BSc (Mining Engineering) – Age 64
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 BA, FAusIMM, FAICD – Age 58
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 & 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 B.Acc, MBA (USC), CA.SA – Age 53
Non-executive Director

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

Mr Glasenberg joined Glencore International AG (**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 BE (Hons), MBA, MAusIMM, MAICD – Age 47
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 BSc (Canterbury), Cert.Acctg, FAICD, FAusIMM, FTSE – Age 65
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 & 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 MBA (Switzerland) – Age 42
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 BSL, JD – Age 45

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	2005 – 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 (PAGE 13 TO PAGE 31) - 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.

The comparator group of companies for the 2008 LTI Scheme was as follows:

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

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

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%

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.

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
- 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.

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

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.

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 twelve 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 6 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 3 months' notice;
- for certain types of misconduct, without notice;
- for poor performance which has not been rectified, by giving 3 months' notice; and
- without cause, by giving Mr Johnston 6 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 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 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 above.

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**).

70% of the Award may be granted in 3 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. 30% 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 the following table:

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).

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2009

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)	Super-annuation	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 to 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 & 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 & 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 & 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 & 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 & 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, 6 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

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.

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

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	151,500	-	-	-	-	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 exercised at the exercise 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 exercise 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

Directors	Ordinary Shares	Options
P Coates	151,500	-
P Johnston	3,129,000	-
J Morrison	-	-
I Glasenberg (1)	824,829,760	-
W Strothotte (1)	824,829,760	-
M Macpherson	25,000	-
M Ocskay	-	-

(1) 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 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 35 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
Managing Director & Chief Executive Officer

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 a full time employees of Minara Resources Ltd. Both Mr Selfe and Mr O'Callaghan has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is 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
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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

Member of
Deloitte Touche Tohmatsu

MINARA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
ACN 060 370 783

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 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 40 to 66.

MINARA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
ACN 060 370 783
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'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 40 to 66.

MINARA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
ACN 060 370 783
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009

2009	Consolidated Issued capital $'000	Consolidated Employee benefit reserve $'000	Consolidated Accum. losses $'000	Consolidated Attributable to owners of the parent entity $'000	Consolidated Non-controlling interests $'000	Consolidated Total $'000	Company Issued capital $'000	Company Employee benefit reserve $'000	Company Accum. losses $'000	Company Total $'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.

2008	Consolidated Issued capital $'000	Consolidated Employee benefit reserve $'000	Consolidated Accum. losses $'000	Consolidated Attributable to owners of the parent entity	Consolidated Non-controlling interests $'000	Consolidated Total $'000	Company Issued capital $'000	Company Employee benefit reserve $'000	Company Accum. losses $'000	Company Total $'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 40 to 66.

MINARA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
ACN 060 370 783
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	Consolidated		Company	
		2009 $'000	2008 $'000	2009 $'000	2008 $'000
Cash flows from operating activities					
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 40 to 66.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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 CEO 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 CEO 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:

2 Summary of accounting policies (continued)

(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.

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.

2 Summary of accounting policies (continued)

(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).

(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%

2. Summary of accounting policies (continued)

(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.

(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.

2. Summary of accounting policies (continued)

(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.

(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).

2. Summary of accounting policies (continued)

(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.

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. Summary of 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.

(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.

2. Summary of accounting policies (continued)

(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.

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.

	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
(b) Finance expenses				
Unwinding of discount relating to the provision for rehabilitation	(2,178)	(3,343)	-	-
Interest on secured loan	-	(33)	-	-
Other costs of finance	-	(1,596)	-	-
	(2,178)	(4,972)	-	-
(c) Profit/(loss) before tax				
Profit/(Loss) before income tax has been arrived at after charging the following expenses from operations:				
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.

	Consolidated		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
3 (c)Profit/(loss) before tax (continued)				
Profit/(loss) before income tax has been arrived at after (charging)/crediting the following gains and losses:				
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
4 Income taxes				
(a) Income tax recognised in profit or loss				
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 is 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:				
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	-	0
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.

	Consolidated		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
(b) Deferred tax balances				
Deferred tax assets comprise:				
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				
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	Charged to income	Closing balance	Opening balance	Charged to income	Closing balance
	$'000	$'000	$'000	$'000	$'000	$'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	Charged to income	Closing balance	Opening balance	Charged to income	Closing balance
	$'000	$'000	$'000	$'000	$'000	$'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)

	Consolidated		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Unrecognised deferred tax balances				
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
P Johnston	Managing Director and Chief Executive Officer
J Morrison	Non-executive Director
I Glasenberg	Non-executive Director
W Strothotte	Non-executive Director
M Macpherson	Non-executive Director
M Ocskay	Alternate Non-executive Director
W Ashworth	General Manager Operations
D Pile	Chief Financial Officer until 31 December 2009
C Sargent	General Counsel & Company Secretary
J Cooke	Business Development Manager
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).

5 Key management compensation (continued)

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 LTI 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 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	-
	5,614,854	-

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

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	151,500	-	-	-	-	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.

5 Key management compensation (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 exercised at the exercise 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 exercise 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.

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
6 Remuneration of auditors				
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.

	Consolidated		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
7 Trade and other receivables				
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 Off take 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	2008	2009	2008
	$'000	$'000	$'000	$'000
Amounts secured by bank issued indemnity guarantees	801	684	318	213

	Consolidated		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
8 Inventories				
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	-	-

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

11 Property, plant and equipment

	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
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**

12 Mine assets

	Consolidated			Company		
	Mine properties at cost $'000	Development at cost $'000	Total $'000	Mine properties at cost $'000	Development at cost $'000	Total $'000
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.

	Consolidated		Company	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**
13 Trade and other payables				
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.

	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
14 Provisions				
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 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'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 No. '000	Company 2009 $'000	Company 2008 No. '000	Company 2008 $'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 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'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 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'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 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'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)

18 Earnings per share

	Consolidated 2009 Cents per share	Consolidated 2008 Cents 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 earnings and diluted earnings per share are as follows:

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

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

Diluted earnings per share	2009 No.	2008 No.
Weighted average number of ordinary shares for the purposes of diluted earnings per share	1,169,664,192	567,591,060

	Consolidated 2009 No.	Consolidated 2008 No.
The weighted average number of ordinary shares for the purposes of diluted earnings per share 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.

19 Dividends

Fully paid ordinary shares	2009 Cents per share	2009 Total $'000	2008 Cents per share	2008 Total $'000
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 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
Adjusted franking account balance	5,356	30,158	5,445	5,303

20 Commitments for expenditure

	Consolidated		Company	
	2009	2008	2009	2008
(a) Capital expenditure commitments	$'000	$'000	$'000	$'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 years 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	2008	2009	2008
	$'000	$'000	$'000	$'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	2008	2009	2008
	$'000	$'000	$'000	$'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	2008
Minara Resources Holdings Pty Ltd		Ord	100	100
Murrin Murrin Holdings Pty Limited		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 CEO 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 Off take Agreement (“NOA”) and a Cobalt Off take 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 the 30 November 2005, both the NOA and the COA were extended for a further 5 years from 1 December 2006.

(ii) The Murrin Murrin Joint Venture entered into an off take 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 off take 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	2008	2009	2008
	$'000	$'000	$'000	$'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

	Consolidated		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
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)	-	-

27 Notes to the cash flow statement (continued)

(b) Reconciliation of profit for the period to net cash flows from operating activities (continued)

	Consolidated		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
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.

28 Amounts Receivable/Payable in Foreign Currencies

	Consolidated		Company	
	2009 $A '000	2008 $A '000	2009 $A '000	2008 $A '000
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.

(c) Categories of financial instruments

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

29 Financial instruments (continued)

(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 $'000	2008 $'000	2009 $'000	2008 $'000
US dollars	3,599	2,750	71,922	41,413

(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 $'000	2008 $'000	2009 $'000	2008 $'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 Off take 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 $'000	2008 $'000	2009 $'000	2008 $'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					
Group	%	Less than 1 month $'000	1 - 3 month $'000	3 months to 1 year $'000	1 - 5 years $'000	5+ years $'000	Total $'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					
Group	%	Less than 1 month $'000	1 - 3 month $'000	3 months to 1 year $'000	1 - 5 years $'000	5+ years $'000	Total $'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

2009	Weighted average effective interest rate	Maturity					
Company	%	Less than 1 month $'000	1 - 3 month $'000	3 months to 1 year $'000	1 - 5 years $'000	5+ years $'000	Total $'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					
Company	%	Less than 1 month $'000	1 - 3 month $'000	3 months to 1 year $'000	1 - 5 years $'000	5+ years $'000	Total $'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

29 Financial instruments (continued)

(k) Net Fair Value of financial instruments

The carrying amounts of financial assets and financial liabilities recorded at amortised cost approximate their fair values

	Consolidated		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
30 Minority interest				
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)	-	-

MINARA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
ACN 060 370 783

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	**PB Johnston**
Chairman	Managing Director & Chief Executive Officer

Perth, 26th day of February 2010

Deloitte.

Deloitte Touche Tohmatsu
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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 36 to 67.

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 13 to 31 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