FULL YEAR REPORT
2010

ABOUT MINARA

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

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

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

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

ASX CODE: MRE

SIGNIFICANT EVENTS

- Profit after tax attributable to members for the year of $58.9 million
- Fully franked final dividend of 5 cents per share for year ending 31 December 2010
- Production at Murrin Murrin of 28,378 tonnes nickel and 1,976 tonnes cobalt
- $111 million returned to shareholders in September 2010
- Triennial statutory shutdown successfully completed in October 2010
- Debt free, strong balance sheet with $224.3 million cash on hand at 31 December 2010

FINANCIAL RESULTS

	12 Months Ended 31 December 2010	12 Months Ended 31 December 2009
Revenue (A$m)	**464.8**	446.1
Gross Profit (A$m)	**95.4**	68.4
Profit before tax (A$m)	**84.4**	37.3
Profit after tax attributable to members (A$m)	**58.9**	48.6
Cash on hand (A$m)	**224.3**	247.1

For the 12 months ended 31 December 2010, Minara recorded a profit after tax attributable to members of $58.9 million (2009: $48.6 million).

Minara remains debt free and has a strong balance sheet with cash on hand at 31 December 2010 of $224.3 million (2009: $247.1 million).

Shareholders' equity (consolidated) decreased from $867 million at 31 December 2009 to $817 million at 31 December 2010 after taking into account earnings during the period and the return of capital of 9.5c per share (approximately $111 million) in September 2010.

A fully franked final dividend of 5 cents per share has been declared for the financial year ended 31 December 2010. The dividend will be paid on 22 March 2011. The record date is 4 March 2011.

MURRIN MURRIN

Costs

Direct cash costs (Brook Hunt C1) of US$6.55 per pound nickel (2009: US$4.97 per pound nickel) were recorded for the 12 months ended 31 December 2010. Direct cash costs were US$5.76 per pound nickel (2009: US$4.99 per pound nickel) for the six months ended 30 June 2010, and US$7.37 per pound nickel (2009: US$4.95 per pound nickel) for the six months ended 31 December 2010, which included the impact of the increased maintenance costs and interrupted production associated with the triennial statutory shutdown at Murrin Murrin undertaken in October 2010. Additionally, the increased value of the Australian dollar adversely impacted the reported levels of US dollar denominated cash costs.

The operation's direct cash unit operating costs include all direct cash costs to produce LME grade nickel briquettes after by-product credits.

Production

12 months ended	**31 December 2010**	31 December 2009
Nickel production (tonnes)	**28,378**	32,977
Cobalt production (tonnes)	**1,976**	2,350
Minara's share is 60%		

Production at Murrin Murrin for the 12 months to 31 December 2010 was 28,378 tonnes of nickel (2009: 32,977 tonnes), and 1,976 tonnes of cobalt (2009: 2,350 tonnes). Minara's share is 60%.

Production during the first half of 2010 was impacted by a pipeline failure on one of the four ore-leach autoclave circuits on 25 May 2010. In the second half of 2010 the three-week planned triennial statutory shutdown impacted metal production as anticipated.

Production guidance for the 2011 calendar year is 33,000 – 37,000 tonnes of nickel (Minara's share 60%).

MARKETS

The nickel market continued to recover in 2010 as the global economy improved. This was reflected in LME stocks during 2010 which decreased from 158,010 tonnes to 135,672 tonnes. Nickel prices started the year at US$18,480 per tonne and ended the year at US$24,960 per tonne. Nickel metal prices on the LME averaged US$21,809 per tonne for the 12 months ended 31 December 2010.

Cobalt prices commenced the year at US$19.75 per pound before closing at US$16.25 per pound. Cobalt prices averaged US$17.91 per pound in 2010.

Minara remains unhedged in nickel price, cobalt price and currency.

RESOURCES AND RESERVES

Murrin Murrin's Mineral Resources and Ore Reserves as at 31 December 2010 are set out in the table below.

MINERAL RESOURCES AND ORE RESERVES AS AT 31 DECEMBER 2010

MURRIN MURRIN MINERAL RESOURCES	31 December 2010			
Resource Category	Tonnage (Mt)	Ni Grade %	Co Grade %	Cut Off Grade Ni
Measured	114	1.03	0.076	0.8%
Indicated	106	0.99	0.076	0.8%
Inferred	10	0.94	0.058	0.8%
Scats	1	1.01	0.073	
Stockpiles (Measured)	37	1.02	0.068	
Total	**268**	**1.01**	**0.074**	

MURRIN MURRIN ORE RESERVES	31 December 2010			
Reserve Category	Tonnage (Mt)	Ni Grade %	Co Grade %	Cut Off Grade Ni
Proven	93	1.06	0.082	
Probable	65	1.04	0.079	
Scats	1	1.01	0.073	
Stockpiles	37	1.02	0.068	
Total	**196**	**1.05**	**0.078**	

Resources

Murrin Murrin's Resources are based on a cut-off grade of 0.8% nickel and depletion of the geological block models using end of period surface surveys. The Resource classification is based on drill spacing, with the Measured category less than or equal to 50m x 50m, the Indicated category less than or equal to 100m x 100m and the Inferred category greater than 100m x 100m. The changes in Resource position are due to a combination of depletion of material from mining and processing activities and the updating of Resources with new Resource models. There is a significant increase in the Measured Resource from last year with a corresponding decrease in Indicated Resource due to the upgrading of the Resource with newer resource infill drilling that better defines the Resource and continued revision of modelling technique and parameters. Further change is related to normal mining activities and increased stockpile volumes.

Reserves

Murrin Murrin's Reserves are based on optimisations using long term assumptions of US$16,000 per tonne nickel, US$10.00 per pound cobalt and an exchange rate of US$0.70/A$. The 2010 Reserve optimisations consider the presence of project-to-date backfill, in-pit tailings deposition, public infrastructure and sites of cultural significance. During the preparation of the 2010 Reserve estimate it became apparent that a miscalculation had resulted in an overstatement of 15Mt in the 2009 Reserve estimate. This overstatement has been corrected in the 2010 Reserve. Additionally, the 2010 Reserve is net of all mining, milling and stockpiling activities completed during the period. As a result of the above there has been a net reduction in the reserve position from 2009.

The Measured and Indicated Mineral Resources include those Mineral Resources modified to produce the Ore Reserves. The process of deriving Ore Reserves uses the economic value of the ore blocks as the basis for inclusion in the Reserve, and is in accordance with the Australasian Code for the Reporting of Identified Mineral Resources and Ore Reserves (JORC, 2004). The economic value is based on metal grades and projected values, processing and associated operating costs. The above Resources and Reserves have been prepared in accordance with JORC requirements for public reporting.

Competent Persons Statement

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

Mr Selfe, Mr King, Mr Fowler and Mr O'Callaghan are all Members of the Australasian Institute of Mining and Metallurgy and are all full time employees of Minara Resources Ltd. Mr Selfe, Mr King, Mr Fowler and Mr O'Callaghan all have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking in order to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and all consent to the inclusion in this release of the matters based on their information in the form and context in which it appears.

FROM THE CEO

“Following on from the $111 million capital return to shareholders in September it is pleasing to announce a further return of a fully franked final dividend of 5 cents per share for year ending 31 December 2010.

“Our 2011 production guidance of 33,000 – 37,000 tonnes of nickel produced at Murrin Murrin reflects the benefit of the substantial completion of key de-bottlenecking projects at the processing plant in 2010, including the high density slurry project and the sixth nickel reduction autoclave project. The benefits of these capital investments should be realised over many years to come.

“Additionally, the development of the project’s third major ore-body known as Murrin Murrin East will introduce a new source of high grade ore. Processing of this ore is scheduled to commence in the first half of 2011.

“The expected increase in production in 2011 should flow through to reduce unit costs per pound. We continue to focus on the basics, that is safety, cost control and increasing production.”

P. B. Johnston.

Peter Johnston
Managing Director & CEO

18 February 2011

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