Half Year Results
30 June 2011

MINARA RESOURCES

ASX Announcement: 24 August 2011

SIGNIFICANT EVENTS

- Profit after tax attributable to members of $27.3 million
- Cash on hand at 30 June 2011 of $203 million
- Nickel production of 14,625 tonnes (Minara's share is 60%)
- $19 million interim insurance payment received for 2010 autoclave pipeline failure (Minara's share is 60%)

ASX CODE: **MRE**

BOARD OF DIRECTORS

Malcolm Macpherson
Chairman

Peter Johnston
Managing Director and
Chief Executive Officer

John Morrison
Non-executive Director

Ivan Glasenberg
Non-executive Director

Marc Ocskay
Non-executive Director

CONTACT

Andrew Bantock
Chief Financial Officer
Minara Resources Limited
+ 61 8 9212 8400

or

David Griffiths
Gryphon Management Australia
+ 61 8 9382 8300

MINARA RESOURCES LIMITED

Level 4, 30 The Esplanade
PERTH WA 6000
PO Box Z5523
St Georges Terrace
Perth WA 6831 Australia

www.minara.com.au

FINANCIAL

Minara Resources Limited (Minara or the company) recorded a net profit after tax attributable to members for the half year to 30 June 2011 of $27.3 million (2010: profit of $39.7 million).

At 30 June 2011, cash on hand was $203 million. The company remains debt free with a strong balance sheet.

The Board has not declared a dividend for the period.

FINANCIAL RESULTS

	Units	6 Months Ended 30 Jun 2011	6 Months Ended 31 Dec 2010	6 Months Ended 30 Jun 2010
Revenue	$ million	228.3	231.1	233.7
Gross profit	$ million	36.0	40.3	55.1
Profit before tax	$ million	39.0	28.4	56.0
Profit after tax attributable to members	$ million	27.3	19.2	39.7
Cash on hand	$ million	202.8	224.3	363.0

The operation's direct cash costs (Brook Hunt C1) for the six months ended 30 June 2011 increased to US$8.00 per pound nickel, net of by-product credits (2010: $5.76 per pound). The increase in unit costs is attributed to a number of issues, including an increase in the Australian dollar exchange rate, which averaged US$1.0329 for the half-year. This added approximately US$1.07 per pound nickel of C1 costs, compared to the position if the first half 2010 average exchange rate of US$0.8950 had applied. Other factors driving C1 costs higher than expected were maintenance costs and production disruptions due to extreme weather and flooding in the first quarter, with gas supply issues resulting from maintenance works on the lateral gas supply pipeline by the pipeline operator and other unrelated maintenance issues impacting the second quarter.

PRODUCTION

Production at Murrin Murrin for the six months to 30 June 2011 was 14,625 tonnes of nickel packaged, and 945 tonnes of cobalt packaged.

Production during the half-year was impacted by a number of issues. In the March quarter a series of electrical storms, heavy rains and flooding events disrupted production, with nickel production losses estimated at 900 tonnes. In the June quarter a planned mixed sulphide circuit train-swap occurred in April. This was followed by a number of unrelated maintenance issues. Gas supply issues arose in June resulting from maintenance works on the lateral gas supply pipeline by the pipeline operator. Failure of an acid plant heat exchanger in late June saw nickel production continue at reduced rates before being shut down in early July for tie-in of a new unit.

The Murrin Murrin production guidance for the 2011 calendar year was consequently amended to a range of 29,000 to 32,000 tonnes of nickel packaged (Minara's share 60%).

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

MURRIN MURRIN PRODUCTION

	6 Months Ended 30 June 2011	6 Months Ended 31 December 2010	6 Months Ended 30 June 2010
Nickel Production (tonnes)	14,625	13,866	14,512
Cobalt Production (tonnes)	945	968	1,008
Minara's Share (60%)			
Nickel (tonnes)	8,775	8,320	8,707
Cobalt (tonnes)	567	581	605

CAPITAL PROGRAM

During the half-year to 30 June 2011, the company incurred capital expenditure of $11 million. This represents 60% of the capital expenditure incurred by the Murrin Murrin Joint Venture (MMJV).

Major capital expenditure items included development of the Murrin Murrin East mine, commissioning of the high-density slurry (HDS) project, work on a sixth reduction autoclave unit in the refinery's nickel circuit and development of a new Enterprise Resource Planning (ERP) system for the business.

INSURANCE CLAIM

The MMJV maintains Material Damage and Business Interruption insurance. The insurance underwriters have been advised of a potential claim in relation to the acid plant heat exchanger failure experienced in June 2011 and insurance loss adjustors have attended the Murrin Murrin plant for an initial assessment.

In June 2011 the MMJV received $17.8 million of a $19 million interim insurance payment (Minara's share $11.4 million) being part of an over $30 million net claim, which has been submitted for the loss of production (and associated rectification costs) arising from the Train 1 HPAL autoclave pipeline failure at Murrin Murrin in May 2010. The final $1.2 million of this interim payment has since been received.

The interim insurance payment is provisional and subject to final agreement of the total claim amount by the underwriters. However, the $19 million cash payment is seen by Minara to indicate a potential favourable outcome for this matter. The claim is expected to be finalised in the September quarter.

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 to 30 June 2011 was 8.54 (June 2010: 8.02).

The LTIFR 12 month rolling average to 30 June 2011 was 3.66 (June 2010: 3.49).

The DIFR 12 month rolling average to 30 June 2011 was 4.88 (June 2010: 4.54).

The company continues to focus on implementing comprehensive safety initiatives across the business and a safety leadership culture.

METAL MARKETS

The nickel market remains volatile. During the half-year period the nickel LME cash settlement price ranged from a low of US$21,410 per tonne to a high of US$29,030 per tonne.

The cobalt price (99.3% LMB) has also varied. During the half-year period it ranged from a low of US$15.65 per pound to a high of US$18.30 per pound.

CEO'S COMMENTS

Murrin Murrin produced 14,625 tonnes of nickel in the first half of 2011, with the production profile set to improve in the second half, reflecting increased plant availability and increased processed ore-grade following the ramp-up to full production from the Murrin Murrin East ore-body.

As previously announced, the acid plant was taken off-line following a heat exchanger failure in late June. A replacement heat exchanger was installed and operations recommenced by mid-July. As a consequence of the failure we have reduced our 2011 production guidance to a range of 29,000 to 32,000 tonnes of packaged nickel.

We are focussed on improving production and reducing costs in the second half of the year.

P. B. Johnston.

Peter Johnston
Managing Director and CEO

24 August 2011

Contact

Andrew Bantock, Chief Financial Officer

Minara Resources Limited

+ 61 8 9212 8400

www.minara.com.au

or

David Griffiths, Gryphon Management Australia

0419 912 496