

# FULL YEAR REPORT 2007



## 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



## FULL YEAR PRE-TAX PROFIT OF \$369.2 MILLION

### SIGNIFICANT EVENTS

- Full year pre-tax profit of \$369.2 million
- Final dividend to shareholders of 15 cents per share fully franked
- Successful completion of the major statutory shutdown
- Heap leach trials successful
- Improved production stability achieved following the shutdown

### FINANCIAL RESULTS

12 months ended 31 December 2007

	<b>2007</b>	<b>2006</b>
Revenue (\$m)	<b>770.8</b>	751.9
Pre-tax profit (\$m)	<b>369.2</b>	402.1
Net profit after tax	<b>272.4</b>	338.7
EPS (c)	<b>58.56</b>	72.83
Dividend (c)	<b>40</b>	57.5

Minara recorded a pre-tax profit for the 12 months ended 31 December 2007 of \$369.2 million (2006: \$402.1 million) with a net profit after tax of \$272.4 million (2006: \$338.7 million) after allowances and writedowns of \$8.2 million (2006 \$19.5 million). The lower profit is largely due to lower production attributed to the major statutory shutdown.

Cash on hand at 31 December 2007 was \$156.7 million (2006: \$310.8 million) and consolidated shareholder equity was \$702 million (2006: \$755 million) after taking into account the payment of dividends of \$325.6 million during the year.

A final dividend of 15 cents per share fully franked has been declared bringing the total dividends declared for 2007 to 40 cents. The dividend will be paid on 25 March 2008. The record date is 7 March 2008.

### FINANCIAL RESULTS (\$ MILLION)

	<b>Year Ended 31 December 2007</b>	<b>6 Months Ended 31 December 2007</b>	<b>6 Months Ended 30 June 2007</b>
Revenue from operations	<b>770.8</b>	240.9	529.9
Pre-tax profit/(loss)	<b>369.2</b>	32.1	337.1
Net profit/(loss)	<b>272.4</b>	25.9	246.5

Metal prices on average for the reporting period ended 31 December 2007 were \$US37,277 per tonne for nickel and \$US27.51 per lb cobalt. We believe that the nickel market will remain strong for the next two to three years primarily driven by Chinese demand.

Minara remains unhedged in nickel, cobalt and currency.

### **MURRIN MURRIN PRODUCTION**

	<b>31 December 2007</b>	31 December 2006
Nickel production (tonnes)	<b>27,585</b>	31,524
Cobalt production (tonnes)	<b>1,884</b>	2,096
<b>Minara's share is 60%</b>		

Production at Murrin Murrin for the 12 months to 31 December 2007 was 27,585 tonnes of nickel (2006: 31,524 tonnes), and 1,884 tonnes of cobalt (2006: 2,096 tonnes). Minara's share is 60%.

Production for the year was impacted by several events including an unexpected deterioration of the acid plant prior to commencement of the major statutory shutdown. A number of unplanned power outages in the first half of the year also reduced production.

Packaged production was also impacted by scaling in the refinery. The company successfully completed a nitric/sulphuric acid descale of the refinery's reduction autoclaves. This ensured that, following the statutory shutdown, the refinery was able to operate at full capacity and commence processing stockpiled mixed sulphide inventories.

Minara is anticipating an improvement in overall plant performance in 2008. Production guidance is 34,000-38,000 tonnes nickel for 2008. This includes approximately 2,000 tonnes of nickel from the heap leach operation.

The operational focus for 2008 is maintaining a consistent and steady production profile. The success of the heap leach trial and the integration of the heap leach nickel into the plant will form the basis of the future growth strategy for Minara.

### **STATUTORY SHUTDOWN**

2007 saw the successful completion of the largest and most comprehensive statutory shutdown in the project's history. The shutdown covered a seven week period with a total cost of approximately \$100 million in capital and maintenance. Following the shutdown the plant recommenced operations on schedule in December.

In addition to completing statutory maintenance, the major focus of the shut was the refurbishment of the acid plant. This included the replacement of the 1B superheater, installation of new blowers, installation of additional storage capacity and the replacement of a large heat exchange unit.

Other significant activities in the shutdown included the replacement of the H<sub>2</sub>S reactors and the installation of an emergency shut down system for the acid plant.

As a result of the work done during the shutdown, the acid plant has operated at its new design capacity of 4,500 tonnes of acid per day.

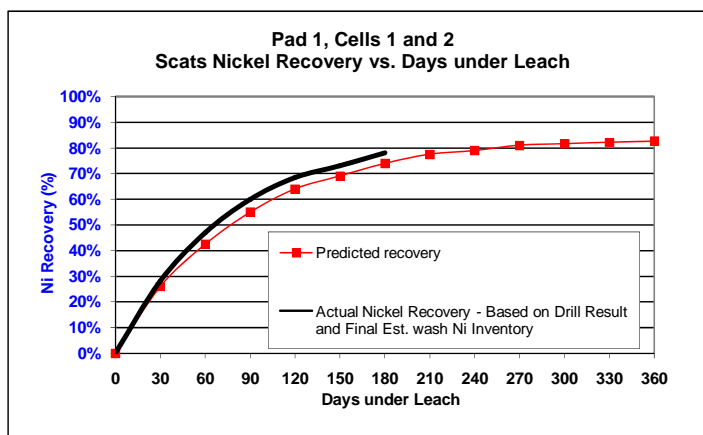
## HEALTH AND SAFETY

Minara's safety performance is measured by Lost Time Injury Frequency Rate (LTIFR) and Disabling Injury Frequency Rate (DIFR). In 2007 the company recorded a decrease in LTIFR from 6.81 per million hours worked to 1.51 and a decrease in DIFR from 11.4 to 4.53.

This is a significant improvement particularly given there were 900 additional contractors on site at Murrin Murrin during the major statutory shutdown.

## HEAP LEACH

The heap leach trial was successfully conducted throughout the year with the scats nickel recovery achieving a rate of 78% after 180 days as illustrated in the following chart. This was above the expected recovery rate. Ore heap leach trials are progressing with results to date also above the expected recovery rate.



Construction of eight leaching pads is now complete and stacking has commenced on pad 4.

The heap leach demonstration plant is now at design capacity and heap leach solution has been successfully integrated into the existing processing plant. In 2008 the heap leaching of scats and ore is expected to deliver approximately 2,000 tonnes of nickel metal and 150 tonnes of cobalt.

Detailed studies into the expansion of the heap leach demonstration plant continued.

## CAPITAL WORKS

The successful commissioning of the Grey Mare Borefield (total capital expenditure \$ 71 million) was completed in 2007. The borefield now produces approximately 30% of Murrin Murrin's water requirements and underpins the operation's future growth strategy.

## COMMUNITY

During the year the company launched the Minara Community Foundation in partnership with Western Australian Community Foundation. With an initial contribution of \$1 million and an annual contribution of \$250,000 per financial year for an additional five years, the foundation will provide benefits by way of grants to the communities of the northern goldfields.

## FROM THE CEO

"2007 was a year of transformation for Minara with a number of significant events and activities coming together to provide a strong platform for operational performance and future growth.

We achieved a \$369 million pre-tax profit and declared and paid dividends of 40 cents per share to our shareholders.

The successful completion of the major statutory shutdown was the culmination of many years of hard work and a major investment by the company. We have now resolved the plant's major technical legacy design issues. The shut was a credit to all involved. We expect the plant to now be able to operate consistently and provide a stable production profile.

Our heap leach trials performed better than anticipated and are ready to provide a long term growth platform for Minara.

We are looking to the future where Minara can continue to grow as one of the world's major nickel/cobalt producers."



Peter Johnston  
Managing Director and CEO  
22 February 2008

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