FULL YEAR REPORT
2008

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

- Successful A$210 million renounceable rights issue complete
- Company debt free
- Gross profit of $8.4 million and after tax loss of $19.8 million for the year
- Implementation of new business plan complete
- Nickel production of 30,514 tonnes achieved

FINANCIAL RESULTS

12 months ended 31 December 2008

	2008	2007
Revenue ($m)	**425.4**	783.4
Gross profit ($m)	**8.4**	403.3
(Loss)/profit for the year ($m)	**(19.8)**	270.5
Cash on hand ($m)	**142.5**	156.7
Dividend (c)	**0**	40

For the 12 months ended December 31 2008 Minara recorded a gross profit of $8.4 million (2007: $403.3 million) with a net loss of $19.8 million (2007: profit $270.5 million) after allowances and write-downs of $8.7 million (2007 $8.2 million).

Cash on hand at 31 December 2008 was $142.5 million (2007: $156.7 million) and consolidated shareholders' equity increased to $815 million (2007: $702 million) after the fully underwritten renounceable pro-rata rights issue, with the payment of dividends of $70 million and earnings during the year. A fully franked final dividend of 15 cents per share, totalling $70 million, was 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 2008.

MARKETS

Nickel metal prices on the LME averaged $US21,068 per tonne for the 12 months ended 31 December 2008. Cobalt prices averaged $US35.74 per lb for the same period. Prices for nickel and cobalt decreased during 2008, particularly during the second half of the year. Despite the current weak demand for all metals, Minara believes the nickel market fundamentals remain sound over the medium to longer term.

Minara remains unhedged in nickel, cobalt and currency.

C1 costs of US$5.39/lb (2007: US$6.25) were recorded for the 12 months ended 31 December 2008. C1 costs were US$5.24/lb (2007: US$4.93) for the six months ending 30 June 2008, and US$5.55/lb (2007: US$7.80) for the six months ending 31 December 2008. The C1 costs were heavily impacted by the unprecedented rise in the cost of sulphur seen during 2008. There was a sharp decline in the sulphur spot market prices towards the end of 2008. These lower prices have been maintained into 2009. It is expected that these price decreases will flow through to the company's long term contracts in 2009. This will positively impact Murrin Murrin's overall operating costs.

MURRIN MURRIN PRODUCTION

	31 December 2008	31 December 2007
Nickel production (tonnes)	**30,514**	27,585
Cobalt production (tonnes)	**2,018**	1,884
Minara's share is 60%		

Production at Murrin Murrin for the 12 months to 31 December 2008 was 30,514 tonnes of nickel (2007: 27,585 tonnes), and 2,018 tonnes of cobalt (2007: 1,884 tonnes). Minara's share is 60%.

Production for the year was impacted by several events. A series of unrelated electrical control system failures on the major generation units in March 2008 reduced production. As a result of the incident at Apache Energy's Varanus Island facility in June 2008, gas supply to the Murrin Murrin plant was interrupted and the plant was non operational for five days. After securing additional gas supplies the plant operated at two-thirds capacity through to early July. During the second half of 2008 production was further impacted by a 12 day planned maintenance shutdown to repair duct work in the acid plant.

Minara is now seeing the benefit from the significant investment in the plant over a number of years. This has enabled the company to reduce capital expenditure in 2009. The refinery remains a key area of technical focus.

The operational focus for 2009 is maintaining a consistent and steady production profile with a production guidance of 30,000-34,000 tonnes nickel and 2,000-2,400 tonnes cobalt.

BUSINESS PLAN

Responding to the business pressures created by deteriorating economic and market conditions, a new business plan was successfully implemented in the second half of 2008. The business plan focuses on a number of cost saving initiatives. These include a reduction in fixed and variable operating costs, a new mine plan targeting low magnesium ores to reduce sulphur consumption, a reduction in the number of contractors and employees and reduced capital expenditure. Implementation of the new plan was completed by year's end. While considerable cost savings were achieved across the second half of 2008, Minara believes the full impact of these initiatives will be realised during 2009. In addition, the company has recently imposed a salary freeze.

RIGHTS ISSUE

On 29 October 2008, Minara announced a fully underwritten renounceable pro rata rights issue. 700,670,353 fully paid ordinary shares were taken up by Minara shareholders at an issue price of A$0.30 each. The rights issue raised approximately A$210 million (before costs). The new shares were issued on 5 December 2008. The rights issue was underwritten by Glencore International AG, whose holding following the rights issue is 70.6%.

Net proceeds from the rights issue were applied to repay short term debt and to fund committed capital expenditure. The remaining funds provide the company with working capital to underpin ongoing operations. The company is debt free.

HEALTH AND SAFETY

Minara'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 31 December 2008 was 3.83 (2007: 4.53). The **DIFR** 12 month rolling average to 31 December 2008 was 1.64 (2007: 3.02). The **LTIFR** 12 month rolling average to 31 December 2008 was 2.19 (2007: 1.51).

HEAP LEACH

During the course of the year Minara decided to suspend the heap leach expansion project as a result falling commodity prices.

The current heap leach operation produced positive results from the demonstration heaps and the downstream plant integration. This operation continues to achieve its technical targets with significant scope for further optimisation in 2009.

FROM THE CEO

"The focus for 2009 will be on maintaining a consistent production profile, further reducing costs, and remaining cash positive."

P. B. Johnston.

Peter Johnston
Managing Director and CEO

20 February 2009

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