

# FULL YEAR REPORT 2009



## 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

- Minara profit after tax for the year of \$48.5 million
- Record production at Murrin Murrin of 32,977 tonnes nickel and 2,350 tonnes cobalt
- Direct cash costs (C1) of US\$4.95/lb nickel for second half and US\$4.97/lb nickel for the full year
- Debt free, strong balance sheet with cash on hand at year end of \$247.1 million

## FINANCIAL RESULTS

12 months ended 31 December

	<b>Financial Year 2009</b>	Financial Year 2008
Revenue (A\$m)	<b>446.1</b>	425.4
Gross profit (A\$m)	<b>68.4</b>	8.4
Profit/(loss) for the year (A\$m)	<b>48.5</b>	(19.8)
Cash on hand (A\$m)	<b>247.1</b>	142.5

For the 12 months ended 31 December 2009, Minara recorded a profit after tax of \$48.5 million (2008: \$19.8 million loss).

Minara remains debt free and has a strong balance sheet with cash on hand at 31 December 2009 of \$247.1 million (2008: \$142.5 million). Consolidated shareholders' equity increased to \$867 million (2008: \$815 million).

There was no dividend declared or proposed for the financial year ended 31 December 2009.

## MURRIN MURRIN

### Costs

The operation's direct cash costs (Brook Hunt C1) of US\$4.97/lb nickel (2008: US\$5.39/lb nickel) were recorded for the 12 months ended 31 December 2009. Direct cash costs were US\$4.99/lb nickel (2008: US\$5.23/lb nickel) for the six months ended 30 June 2009, and US\$4.95/lb nickel (2008: US\$5.57/lb nickel) for the six months ended 31 December 2009.

In response to the business pressures which arose during the deteriorating economic and market conditions of 2008, a new business plan was successfully implemented in the second half of 2008. The business plan focused on a number of cost saving initiatives including a reduction in fixed and variable operating costs, a new mine plan and reduced capital expenditure. The full impact of these initiatives was realised during 2009 and is reflected in the improvement in the company's direct cash costs.

Additionally, the sharp decline in the sulphur spot market prices towards the end of 2008 carried forward into 2009 and positively impacted Murrin Murrin's overall operating costs.

The improved cost performance in the second half of the year was achieved despite the strengthening of the Australian dollar.

The operation's direct cash unit operating costs include all direct cash costs to produce LME grade nickel briquettes after by-product credits. Due to Murrin Murrin's fully integrated production facility Minara obtains the listed nickel price for LME grade briquettes.

## Production

12 months ended	31 December 2009	31 December 2008
Nickel production (tonnes)	32,977	30,514
Cobalt production (tonnes)	2,350	2,018
<b>Minara's share is 60%</b>		

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). Minara's share is 60%.

The operation of Murrin Murrin was steady throughout 2009 with a range of planned maintenance activities having minimal impact on production.

Murrin Murrin has had a solid start to 2010 with the operational focus for the year on maintaining a safe, consistent and steady production profile.

Production guidance for the 2010 calendar year is 30,000–34,000 tonnes of nickel (Minara's share 60%). This guidance range takes into account the planned triennial major plant shutdown provisionally scheduled for September/October 2010. During this shutdown the catalyst in the acid plant will be replaced, regular statutory inspections will occur and some planned maintenance activities will be completed.

## MARKETS

Nickel metal prices on the London Metal Exchange (LME) commenced the reporting period at \$US12,710 per tonne, finished the year at \$US18,480 per tonne, and averaged \$US14,698 per tonne for the 12 months ended 31 December 2009. Cobalt prices commenced the reporting period at \$US10.50/lb, finished at \$US19.75/lb, and averaged \$US15.20/lb for the same period. Prices for nickel and cobalt were volatile throughout the year. Despite the high current level of LME nickel stockpiles and the continued price volatility, Minara believes the nickel market fundamentals remain sound over the medium to longer term.

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

## HEALTH AND SAFETY

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

The **DIFR** 12 month rolling average to 31 December 2009 was 0.77 (2008: 1.64). The **LTIFR** 12 month rolling average to 31 December 2009 was 1.93 (2008: 2.46).

These measures represent an encouraging improvement in safety performance.

## GROWTH

Following a strong and consistent performance in 2009, Minara is actively pursuing growth opportunities in both nickel and other base metals.

In addition, Minara continues to review growth plans for Murrin Murrin, including expansion of the successful heap leach facility.

## FROM THE CEO

"Minara's performance over the past twelve months has been strong in a volatile and uncertain market. We have recorded a good profit, delivered record production, continued to reduce costs across the business and increased our cash reserves.

"2009 was a year of consolidation. We focused on the fundamentals of safety, production and costs.

"In 2010 we will continue to focus on all the fundamentals and explore opportunities for growth."



**Peter Johnston**  
Managing Director & CEO

26 February 2010

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