



ASX ANNOUNCEMENT

HALF YEAR REPORT

The Directors of Minara Resources Limited are pleased to announce a gross profit of \$122.2 million and a net profit of \$100.7 million for the half year period ended 30 June 2006.

A press release covering the results will be released separately.

This Half Year Report is lodged with the Australian Stock Exchange under Listing Rule 4.2A.

END

**Half Year Report
Period Ended 30 June 2006**

Lodged with the ASX under Listing Rule 4.2A

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APPENDIX 4D

1. Details of the reporting period and the previous corresponding period.

The current reporting period is 1 January 2006 to 30 June 2006

The previous corresponding comparative period is 1 January 2005 to 30 June 2005

2. Results for announcement to the market

Revenue from ordinary activities	Up	46%	to	268,524,000
Gross Profit from ordinary activities after tax	Up	279%	To	122,222,000
Net profit for the period attributable to members	Up	509%	To	100,745,000

Dividends (distributions)	Amount per security	Franked amount per security
Propose dividend in relation to this period	12.5c	Nil
+Record date for determining entitlements to the dividend	8 September 2006	

The Financial Statements comply with Australian equivalents to the International Financial Reporting Standards (A-IFRS).

	30 June 2006	30 June 2005
NTA Backing Net tangible asset backing per share	\$1.23	\$1.06

Minara Resources Limited's principal activity is a 60% shareholding in, and management of, the Murrin Murrin Nickel/Cobalt Project Joint Venture.

MINARA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

ACN 060 370 783

DIRECTORS REPORT

The Directors present the consolidated financial report of the consolidated entity, being the Company and its controlled entities, for the period ended 30 June 2006, together with the auditor's report thereon.

DIRECTORS

The Directors of the Company at any time during or since the end of the financial period, serving at the date of this report are:

		Date of Appointment
James Campbell	Chairman, Non Executive	22 September 1999
Peter Johnston	Chief Executive Officer and Managing Director	28 November 2001
John Morrison	Non Executive	16 December 1999
Ivan Glasenberg	Non Executive	8 December 2000
Willy Strothotte	Non Executive	13 May 2001
Malcolm Macpherson	Non Executive	11 April 2002

PRINCIPAL ACTIVITIES

The principal activities of the Company during the period were the operation of the Murrin Murrin Nickel/Cobalt Project (the "Project" or "the Joint Venture" or "Murrin Murrin") mine and metal production facility, and exploration for nickel in joint ventures with other parties.

DIVIDENDS

The Board of Directors resolved to declare a dividend of 12.5 cents per share, which will total approximately \$58 million. This dividend will be unfranked and paid on 22 September 2006. The record date will be 8 September 2006.

A dividend of 5 cents per share, totalling \$23.2 million, was paid to shareholders on 24 March 2006 in respect of the period to 31 December 2005 out of profits declared as at 31 December 2005.

REVIEW OF OPERATIONS AND RESULTS

Financial Results (\$'million)

	6 Months Ended 30 June 2006	6 Months Ended 30 June 2005
Ni Sales (tonnes)	8,302	8,000
Co Sales (tonnes)	548	516
Revenue from operations	268.5	183.9
Gross profit	122.2	32.3
Pre tax profit	109.3	17.6
Net profit after tax	100.7	16.5
Net cash flow	39.4	6.7

MINARA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

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The Company recorded a half year consolidated gross profit from ordinary activities of \$122.2 million and a profit after tax of \$100.7 million for the financial period ended 30 June 2006. These results have been reported under A-IFRS requirements.

The improved profitability of the operation was largely driven by strong nickel prices partially offset by lower cobalt prices. Nickel prices achieved were 50% higher than the previous half-year whilst cobalt prices showed a decline of 17% over the period. Sales volumes increased marginally over the prior half-year with increased sales of nickel 302 tonnes (3.8%) and cobalt 32 tonnes (6.2%) achieved.

Total shareholders equity increased by \$76.5 million as a result of profits generated (\$100.7 million) offset by a dividend payment to shareholders in March 2006 of \$23.2 million and a minority contribution towards operational costs of \$989,000.

Health, Safety & Environment

There were 11 lost time injuries reported during the half-year period.

The lost time injury frequency rate (LTIFR) 12 month rolling average to 30 June 2006 was 5.93. The disabling injury frequency rate (DIFR = LTI + DI) 12 month rolling average to 30 June 2006 was 11.6.

The lost time injury frequency rate and lost time injury/disabling injury frequency rate increased at the end of the period due to a roll-over of a contractor's light vehicle in April. This accident resulted in four lost time injuries and one disabling injury.

There were two environmental incidents relating to stack sampling emissions reported to regulatory authorities during the second half of the period.

Operations

Production at Murrin Murrin for the 6 months to 30 June 2006 was 14,060 tonnes of nickel packaged, and 1,005 tonnes of cobalt packaged. The Company's share is 60%. The previous corresponding 6-month period at 13,358 tonnes of nickel packaged, and 773 tonnes of cobalt packaged.

Steady improvement in the overall HPAL production capability, especially at the front end, has been seen during the first half of the year. Production was however negatively affected by corrosion in the duct work around the blowers in the acid plant, which restricted production for the first half. The installation of an acid demister as an interim solution has been successful awaiting the replacement of the super heater during the scheduled shut in October 2007. Operational indicators in both the plant and the mining operation continue to trend well.

Business Processes

The Business Improvement Program, designed to assist operations management to focus on safety, production and costs, continues to show positive benefits including cost reductions and productivity improvements.

MINARA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

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Exploration

Exploration to discover nickel sulphide mineralisation continued under the Irwin Hills – Cogleia Wells JV (Murrin Murrin JV 60%), the Bardoc JV (Company 51%) and the Weld Range JV (Company 75%).

The first and second stage laterite resource drilling programs were completed under the Irwin Hills – Cogleia Wells JV (Murrin Murrin JV 60%). As a result of these drilling programs, the indicated and inferred resource for the project is 19.9 million tonnes at 1.02% Ni and 0.12% Co at a 0.8% Ni cut-off. Metallurgical test work has confirmed cobalt upgrade potential. Heap leaching of the ores from this project have been discounted, however the ore can still be processed through the HPAL system. Drilling on nickel sulphide targets commenced in the June quarter and down hole TEM will be completed in the September quarter.

During the June quarter, the Bardoc JV focussed on disseminated sulphides located in the western zone. Samples from a 23m intercept at 0.7% Ni were submitted to a metallurgical laboratory in Perth and will be tested for flotation recoveries. Further exploration programs will depend on the results of this test work.

The Weld Range JV reviewed geophysical data in relation to the project and completed a ground TEM program in June. The ground TEM identified a plate conductor in the northern end of the project, which will now be the target of a drilling program scheduled for the December quarter depending on drill rig availability. The Company is also finalising the acquisition of further equity in the Weld Range project from its existing JV partner.

A review of the Mt Margaret (Murrin Murrin JV 100%) geophysics data is planned for the September quarter.

No exploration work was undertaken under the Mt Windarra JV (Company earning up to 70%).

Heap Leach Project

Construction of the 200,000 tpa heap leach demonstration plant has commenced with the heap leach pads and pond civil construction complete as to 70% and plastic lining about to commence. All long lead-time items have been ordered and final procurement of remaining equipment and materials is 80% complete.

The project will provide a second, independent nickel stream and will further utilise the refining area of the plant without a large capital injection into that area.

The project remains on schedule with project completion due mid December 2006. It is expected to be operating at around 2,000 tonnes of nickel metal, and 150 tonnes of cobalt metal, per annum by the end of 2007.

Research & Development

Column test work on scats and ore has progressed satisfactorily. The R&D programme remains on schedule.

MINARA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

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Capital Program

Engineering and procurement on the 200,000tpa heap leach demonstration plant commenced during the period. The budget of \$12 million for heap leach R&D and \$25 million for the demonstration plant still remain on track.

Construction of the Grey Mare bore field commenced.

A number of minor capital projects to improve plant reliability and capability were completed in the period.

Metal Markets

Nickel demand is directly tied to stainless steel production and stainless steel consumption over the past two to three years has been driven by economic growth in China. With constraints on scrap and with new stainless mills under construction, growth in nickel demand is forecast to continue. Growth in world demand exceeding growth in world supply has resulted in a substantial increase in price over the half year. Because of the lack of new supply the nickel market is expected to remain tight for the next two to three years. Nickel and cobalt prices are expected to remain at reasonable levels over that period.

CORPORATE

At the date of this report, the major shareholder of the Company was Glencore International AG with a 51.02% shareholding.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than as reported there were no significant changes in the state of affairs of the Company during the financial period.

EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity, in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The auditor's independence declaration is set out on page 7 and forms part of the Director's report for the six months ended 30 June 2006.

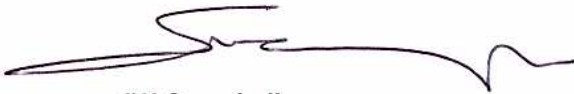
MINARA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

ACN 060 370 783

ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that class order, amounts in the financial report have been rounded off to the nearest one thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of Directors.



**JW Campbell
Chairman**



**PB Johnston
Chief Executive Officer
and Managing Director**

Perth, 24 August 2006

Minara Resources Limited
Level 4, The Esplanade
PERTH WA 6000

24 August 2006

Dear Board Members

Minara Resources Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Minara Resources Limited.

As lead audit partner for the review of the financial statements of Minara Resources Limited for the half-year ended 30 June 2006, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



AT Richards
Partner
Chartered Accountants

MINARA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
ACN 060 370 783
CONSOLIDATED CONDENSED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 30 JUNE 2006

	Note	Consolidated	
		Jun 2006 \$'000	Jun 2005 \$'000
Revenue from operations	2(a)	268,524	183,861
Cost of production		(146,302)	(151,586)
Gross profit from the sale of product		122,222	32,275
Other income	2(b)	1,089	6,327
Finance expenses	2(b)	(2,189)	(1,952)
Other expenses	2(b)	(7,452)	(6,725)
Allowances and write downs	2(b)	(4,361)	(12,325)
Profit before income tax expense		109,309	17,600
Income tax expense attributable to profit from ordinary activities		(9,553)	(62)
Profit for the period		99,756	17,538
Loss / (Profit) attributable to minority interest		989	(993)
Profit attributable to members of the parent entity		100,745	16,545
Earnings per share:			
Basic (cents per share)		21.26	3.56
Diluted (cents per share)		21.26	3.56

Notes to the condensed financial statements are included on pages 12 to 19.

MINARA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
ACN 060 370 783
CONSOLIDATED CONDENSED BALANCE SHEET
AS AT 30 JUNE 2006

	Note	Consolidated	
		Jun 2006 \$'000	Dec 2005 \$'000
Current assets			
Cash and cash equivalents		111,603	72,022
Trade and other receivables	3	95,218	56,446
Inventories	4	66,499	60,064
Other		856	465
Total current assets		274,176	188,997
Non-current assets			
Trade and other receivables	3	3,381	2,987
Inventories	4	65,593	56,972
Property, plant and equipment		356,534	365,281
Mine assets		84,899	88,094
Deferred tax assets		11,824	11,203
Other		1,717	858
Total non-current assets		523,948	525,395
Total assets		798,124	714,392
Current liabilities			
Trade and other payables	5	48,567	50,658
Borrowings	6	16,670	12,432
Provisions	7	14,424	2,534
Total current liabilities		79,661	65,624
Non-current liabilities			
Trade and other payables	5	33,853	32,794
Borrowings	6	17,218	25,268
Provisions	7	27,345	25,748
Deferred tax liabilities		66,454	67,867
Total non-current liabilities		144,870	151,677
Total liabilities		224,531	217,301
Net assets		573,593	497,091
Equity			
Issued capital		773,467	773,467
Accumulated losses		(198,725)	(276,216)
Parent entity interest		574,742	497,251
Minority interest		(1,149)	(160)
Total equity		573,593	497,091

Notes to the condensed financial statements are included on pages 12 to 19.

MINARA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
ACN 060 370 783
CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS'
EQUITY FOR THE HALF-YEAR ENDED 30 JUNE 2006

2006	Consolidated				
	Issued capital \$'000	Reserves \$'000	Accum. losses \$'000	Minority interest \$'000	Total \$'000
Balance at 1 January 2006	773,467	-	(276,216)	(160)	497,091
Total recognised income and expense	-	-	99,756	-	99,756
Loss attributable to minority interest	-	-	989	(989)	-
Dividends Paid – 5c per share (note 8)	-	-	(23,254)	-	(23,254)
Balance at 30 June 2006	773,467	-	(198,725)	(1,149)	573,593

2005	Consolidated				
	Issued capital \$'000	Reserves \$'000	Accum. losses \$'000	Minority interest \$'000	Total \$'000
Balance at 1 January 2005	771,938	307	(272,703)	(1,031)	498,511
Share based payments	-	102	-	-	102
New shares issued	1,120	-	-	-	1,120
Total recognised income and expense	-	-	17,538	-	17,538
Profit attributable to minority interest	-	-	(993)	993	-
Dividends Paid – 5c per share (note 8)	-	-	(23,175)	-	(23,175)
Balance at 30 June 2005	773,058	409	(279,333)	(38)	494,096

Notes to the condensed financial statements are included on pages 12 to 19.

MINARA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
ACN 060 370 783
CONSOLIDATED CONDENSED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 30 JUNE 2006

	Note	Consolidated	
		Jun 2006 \$'000	Jun 2005 \$'000
Cash flows from operating activities			
Receipts from customers		238,070	186,725
Payments to suppliers and employees		(153,312)	(145,726)
Interest received		1,933	1,948
Interest and other costs of finance paid		(1,206)	(1,032)
Net cash provided by operating activities	13	85,485	41,915
Cash flows from investing activities			
Payments for exploration and evaluation costs		(458)	(1,077)
Payments for acquisition of tenements		49	-
Payments to term deposits		(9,211)	-
Payments for property, plant and equipment		(8,874)	(24,953)
Proceeds from sale of property, plant and equipment		-	480
Proceeds from term deposits & bonds		-	7,490
Net cash used in investing activities		(18,494)	(18,060)
Cash flows from financing activities			
Proceeds from issue of shares		-	1,120
Proceeds from borrowings		-	11,447
Repayment of borrowings		(2,447)	(4,958)
Finance lease payments		(1,852)	(1,598)
Dividends paid:			
- members of the parent		(23,254)	(23,175)
Net cash used in financing activities		(27,553)	(17,164)
Net increase in cash and cash equivalents		39,438	6,691
Cash and cash equivalents at the beginning of the financial period		72,022	103,213
Effects of exchange rate changes on the balance of cash held in foreign currencies (i)		143	26
Cash and cash equivalents at the end of the financial period	13	111,603	109,930

Notes to the condensed financial statements are included on pages 12 to 19.

(i) The translation rate for the A\$:US\$ exchange rate was 0.7423 at 30 June 2006 (0.7618 at 30 June 2005).

**MINARA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
ACN 060 370 783**

**NOTES TO AND FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS FOR
THE HALF-YEAR ENDED 30 JUNE 2006**

(a) Basis of preparation

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

(b) Significant accounting policies

Rounding of Amounts

The Company is a company of the kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that class order, amounts in the directors' report and half-year financial report have been rounded off to the nearest one thousand dollars, unless otherwise indicated.

The condensed financial statements have been prepared under the historical cost basis. The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2005 annual financial report for the financial year ended 31 December 2005.

MINARA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
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**NOTES TO AND FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS FOR
THE HALF-YEAR ENDED 30 JUNE 2006**

		Consolidated	
		Jun 2006	Jun 2005
		\$'000	\$'000
2 Profit from operations			
(a) Revenue			
Revenue from operations consisted of the following items:			
Sales revenue			
Revenue from sale of product - Nickel		257,951	166,170
- Cobalt		20,711	23,402
- Other		1,604	778
Sales discounts, commission and freight charges		(12,074)	(7,246)
Realised foreign exchange gains (i)		332	757
		268,524	183,861

(i) Realised foreign exchange gains / (losses) are generated on the receipt of sales revenue when booking the receipt against the debtor.

(b) Profit before income tax

Profit before income tax has been arrived at after crediting/ (charging) the following from operations:

Other Income			
Interest revenue		1,933	2,391
Ore royalty		504	2,112
Net Foreign exchange (loss) / gains (i)		(1,348)	1,824
		1,089	6,327

(i) Realised foreign exchange gains / (losses) are generated on the sales of US dollars held by the consolidated entity.

Profit before income tax has been arrived at after charging the following expenses from operations:

Finance expenses:			
Interest expense – provision for rehabilitation		(983)	(920)
Finance lease expenses		(545)	(761)
Secured Loan		(661)	(271)
Total finance expense		(2,189)	(1,952)

MINARA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
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**NOTES TO AND FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS FOR
THE HALF-YEAR ENDED 30 JUNE 2006**

	Consolidated	
	Jun 2006	Jun 2005
	\$'000	\$'000
2 Profit from operations (cont'd)		
(b) Profit before income tax (cont'd)		
Other expenses		
Corporate	(3,204)	(2,410)
Technical Services	(735)	(41)
Murrin Murrin administration and other	(783)	(1,735)
Business Improvement	(2,204)	(1,232)
Equity share-based payments	-	(102)
Accrual for native title payable	(355)	(305)
Amortisation of rehabilitation asset	(171)	(171)
Loss on sale of mining equipment	-	(729)
	(7,452)	(6,725)
Allowances and Write Downs		
Inventory write down	(473)	(491)
Inventory price adjustment	(500)	(2,664)
Medium grade ore stock write down	(2,293)	(4,106)
Write down of plant	(637)	-
Write down of exploration and evaluation	(458)	(1,077)
Write down of mining equipment	-	(3,987)
	(4,361)	(12,325)

	Consolidated	
	Jun 2006	Dec 2005
	\$'000	\$'000
3 Trade and other receivables		
Current		
Trade debtors (i)	78,134	45,315
Term deposits (ii)	9,753	542
Other receivables	7,331	10,589
	95,218	56,446
Non-Current		
Term deposits (ii)	848	848
Other receivables	2,533	2,139
	3,381	2,987

(i) Trade debtors include amounts owed to the consolidated entity from the sale of finished product to Glencore under nickel and cobalt off take agreements of \$78,133,544 (2005: \$45,315,427). All sales under the off-take agreements are on normal commercial terms and conditions.

(ii) Term deposits also include other secured deposits as follows:

Amounts secured by bank issued indemnity guarantees	9,753	542
Other deposits	848	848

MINARA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
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**NOTES TO AND FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS FOR
THE HALF-YEAR ENDED 30 JUNE 2006**

	Consolidated	
	Jun 2006	Dec 2005
	\$'000	\$'000
4 Inventories		
Current		
Raw materials - at cost	51,825	48,637
Raw materials written down	(8,508)	(8,038)
	<u>43,317</u>	<u>40,599</u>
Ore stocks – at cost	11,178	9,619
Work in progress - at cost	7,652	6,041
Finished goods - at cost	4,352	3,805
Total current inventories	<u>66,499</u>	<u>60,064</u>
Non-Current		
Ore stocks	67,886	63,535
Ore stocks written down	(2,293)	(6,563)
Total non-current inventories (i)	<u>65,593</u>	<u>56,972</u>
Total Inventory	<u>132,092</u>	<u>117,036</u>
(i) Reconciliation of non-current ore stocks		
Ore stocks - at cost	59,648	49,670
Ore stocks - net realisable value	5,945	7,302
	<u>65,593</u>	<u>56,972</u>
5 Trade and other payables		
Current		
Trade payables & accruals	48,548	50,330
Other payables	19	328
	<u>48,567</u>	<u>50,658</u>
Non-Current		
Other payables (i)	33,853	32,794
	<u>33,853</u>	<u>32,794</u>

(i) Includes an amount of \$26,096,921 (2005: \$26,096,921) payable to Amshell Pty Limited, a subsidiary of Glencore, and relates to the acquisition of Abednego Nickel Pty Limited.

MINARA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
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**NOTES TO AND FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS FOR
THE HALF-YEAR ENDED 30 JUNE 2006**

	Consolidated	
	Jun 2006 \$'000	Dec 2005 \$'000
6 Borrowings		
Current		
At amortised cost		
Secured loan (i)	2,094	4,090
Finance lease liabilities	14,576	8,342
	<u>16,670</u>	<u>12,432</u>
Non-Current		
Secured loan (i)	17,218	16,730
Finance lease liabilities	-	8,538
	<u>17,218</u>	<u>25,268</u>

(i) The loan is secured by a specific charge (Equipment mortgage) over the mining equipment at an average interest rate of 7.1%. The secured loan is denominated in USD (United States Dollars).

7 Provisions		
Current		
Employee benefits	2,837	2,534
Provision for income tax	11,587	-
	<u>14,424</u>	<u>2,534</u>
Non-Current		
Employee benefits	2,619	1,942
Provision for rehabilitation	24,726	23,806
	<u>27,345</u>	<u>25,748</u>

	Jun 2006		Jun 2005	
	Cents per share	Total \$'000	Cents per share	Total \$'000
8 Dividends				
Fully paid ordinary shares				
Final dividend:				
Unfranked (paid 24 March 2006)	5	(23,254)	5	(23,175)
		<u>(23,254)</u>		<u>(23,175)</u>

The Company does not have any franking credits as at 30 June 2006.

MINARA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
ACN 060 370 783

**NOTES TO AND FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS FOR
THE HALF-YEAR ENDED 30 JUNE 2006**

9 Commitments for expenditure

	Consolidated	
	Jun 2006 \$'000	Dec 2005 \$'000
(a) Capital expenditure commitments		
Capital expenditure requisitioned but not provided and payable at balance date is:		
<u>Plant and equipment</u>		
Not longer than 1 year	41,899	8,080
Longer than 1 year but not longer than 2 years	-	-
Longer than 2 years but not longer than 5 years	-	-
Longer than 5 years	-	-
	41,899	8,080
(b) Exploration Expenditure Commitments		
In order to maintain current rights of tenure to exploration tenements, the Company and the consolidated entity are required to perform minimum exploration work to meet the minimum expenditure requirements specified by the State Government of Western Australia. These obligations are subject to renegotiation when application for a mining lease is made out and at other times. The commitments not provided and payable at balance date are:		
Not longer than 1 year	3,438	7,111
Longer than 1 year but not longer than 2 years	3,393	7,066
Longer than 2 years but not longer than 5 years	14,794	25,262
Longer than 5 years	74,491	74,491
	96,116	113,930
(c) Lease Commitments		
Finance lease commitments are payable as follows:		
Not longer than 1 year	15,553	9,410
Longer than 1 year but not longer than 2 years	-	9,012
Longer than 2 years but not longer than 5 years	-	-
Longer than 5 years	-	-
	15,553	18,422
Future finance charges	(977)	(1,542)
	14,576	16,880
Lease liabilities provided for in the financial statements		
Current	14,576	8,342
Non-Current	-	8,538
	14,576	16,880
Operating leases commitments are payable as follows:		
Not longer than 1 year	2,188	4,413
Longer than 1 year but not longer than 2 years	1,146	1,145
Longer than 2 years but not longer than 5 years	-	-
Longer than 5 years	-	-
	3,334	5,558

MINARA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
ACN 060 370 783

**NOTES TO AND FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS FOR
THE HALF-YEAR ENDED 30 JUNE 2006**

	Consolidated	
	Jun 2006 \$'000	Dec 2005 \$'000
d) Other Commitments		
Other commitments relating to native title claimants and other property and access agreements not provided and payable at balance date are:		
Not longer than 1 year	720	720
Longer than 1 year but not longer than 2 years	1,011	1,011
Longer than 2 years but not longer than 5 years	8,931	8,931
Longer than 5 years	40,499	40,499
	51,161	51,161

The Joint Venture has commitments relating to camp facilities, handling facilities, grade control drilling and calccrete mining and processing, maintenance contracts and industrial gas supply which predominantly relate to the earnings of revenue in the ordinary course of business.

10 Contingent liabilities and contingent assets

(a) Contingent Liabilities

(i) The details and estimated maximum amounts of contingent liabilities that may become payable are set out below. The Directors are not aware of any circumstances or information which would lead them to believe that these liabilities will materialise and consequently no provisions are included in the financial statements in respect of these matters.

(ii) The consolidated entity has entered into agreements with numerous native title groups. Where agreements have not been reached with claimants the consolidated entity and the Project are adhering to the procedures as laid down in the Native Title Act. The consolidated entity is confident that any remaining tenements, which are now minimal, required for the Project will be granted.

On 16 August 2005, Minara was served with a writ and statement of claim by five people claiming to represent the Goolburthunoo Native Title Group (Goolburthunoo) and the NEIB Aboriginal Corporation (NEIB).

The claim is in relation to monies, totalling \$11,640,134, the Goolburthunoo and NEIB allege are due to be paid pursuant to an agreement, dated 8 July 1998, between the Goolburthunoo and Anaconda Nickel Ltd. The agreement relates to tenements now held by Murrin Murrin Holdings Pty Ltd and Glenmurrin Pty Ltd.

Minara has also been informed that IMF (Australia) Limited, an ASX listed litigation funder, has entered into an agreement with the Goolburthunoo and the NEIB to fund the claim made against Minara. Minara is vigorously defending these proceedings.

On 6 September 2005, Minara was served with a writ and statement of claim by persons claiming to represent the Wutha Native Title Claimant Group alleging breaches of an agreement entered into with Anaconda Nickel Ltd on 6 September 1996. Minara is vigorously defending these proceedings.

On 28 September 2005, Minara received a letter on behalf of the Bibila Lungkuttjarra Native Title Claimant Group (Bibila Lungkuttjarra) seeking damages arising out of alleged breaches of an agreement between the Bibila Lungkuttjarra and Anaconda Nickel 1997. The Bibila Lungkuttjarra further alleged that Minara had breached certain conditions attaching to specified mining leases. Minara rejected these demands and indicated that any action brought by the Bibila Lungkuttjarra will be vigorously defended. No action has been brought by Bibila Lungkuttjarra.

(iii) The consolidated entity has provided indemnity guarantees in favour of the Minister of Mines of \$21,079,700 (2005: \$20,048,580). The guarantees are secured by \$9,753,000 (2005: \$633,702) of term deposits. The Project has provided guarantees to third parties as satisfaction of contractual obligations of \$858,000 (2005: \$858,000).

MINARA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
ACN 060 370 783

**NOTES TO AND FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS FOR
THE HALF-YEAR ENDED 30 JUNE 2006**

(b) Contingent Assets

The consolidated entity had no contingent assets as at 30 June 2006.

11 Segment information

The consolidated entity operates in Western Australia in the nickel mining industry.

12 Subsequent events

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

13 Notes to the cash flow statement

(a) Reconciliation of cash and cash equivalents

Cash and cash equivalents

Consolidated	
Jun 2006	Jun 2005
\$'000	\$'000
111,603	109,930

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments.

(b) Reconciliation of profit for the period to net cash flows from operating activities

Profit for the period

adjusted for non cash items;

Non-cash interest and other cost of finance paid

Depreciation and amortisation

Amortisation of rehabilitation asset

Unrealised foreign exchange (gains)/losses

Inventory write-down

Medium grade ore write-down

Other inventory adjustments

Loss on sale of mining equipment

Write down of mining equipment

Accrual for native title

Ore royalty accrual

Provision for employee costs

Provision for income tax

Minority interest

Changes in net assets and liabilities:

(Increases) / decreases in assets:

Receivables

Inventory

Other assets

Increases / (decreases) in liabilities:

Trade creditors

Deferred tax balances

Net cash provided from / (used in) operating activities

	100,745	16,545
Non-cash interest and other cost of finance paid	983	920
Depreciation and amortisation	19,959	15,644
Amortisation of rehabilitation asset	171	171
Unrealised foreign exchange (gains)/losses	488	(26)
Inventory write-down	473	491
Medium grade ore write-down	2,293	4,106
Other inventory adjustments	500	2,664
Loss on sale of mining equipment	-	729
Write down of mining equipment	637	3,987
Accrual for native title	355	305
Ore royalty accrual	-	(2,112)
Provision for employee costs	(260)	21
Provision for income tax	11,847	-
Minority interest	(989)	992
Changes in net assets and liabilities:		
(Increases) / decreases in assets:		
Receivables	(29,451)	5,756
Inventory	(18,323)	(9,590)
Other assets	(1,249)	3,707
Increases / (decreases) in liabilities:		
Trade creditors	(660)	(2,456)
Deferred tax balances	(2,034)	61
Net cash provided from / (used in) operating activities	85,485	41,915

(c) Non Cash Financing and Investment Activities

There were no non-cash financing and investing activities undertaken by the consolidated entity during the financial period.

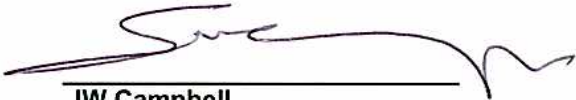
**MINARA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
ACN 060 370 783**

**DIRECTORS' DECLARATION
FOR THE HALF YEAR ENDED 30 JUNE 2006**

In the opinion of the Directors of Minara Resources Limited:

- (a) there are reasonable grounds to believe that Minara Resources Limited will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the Directors.



**JW Campbell
Chairman**



**PB Johnston
Chief Executive Officer and Managing
Director**

Perth, 24 August 2006

Independent review report to the members of Minara Resources Limited

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, cash flow statement, statement of changes in shareholders equity, selected explanatory notes and the directors' declaration for the consolidated entity for the half-year ended 30 June 2006 as set out on pages 8 to 20. The consolidated entity comprises both Minara Resources Limited (the company) and the entities it controlled at the end of the half-year or from time to time during the half-year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with Accounting Standards in Australia and the Corporations Act 2001. This includes responsibility for the maintenance of adequate financial records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review Approach

We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the Corporations Act 2001 and Accounting Standard AASB 134 "Interim Financial Reporting", so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations, its changes in equity and its cash flows, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Deloitte.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Minara Resources Limited is not in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2006 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001.



DELOITTE TOUCHE TOHMATSU



AT Richards

Partner

Chartered Accountants

Perth, WA 24 August 2006