

HALF YEAR REPORT

30 June 2007



MINARA RESOURCES

The Directors of Minara Resources Limited are pleased to announce a gross profit of \$354.8 and a net profit of \$246.5m for the half year period ended 30 June 2007.

A press release covering the results will be released separately.

This Half Year Report is lodged with the Australian Securities Exchange under the 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 2007 to 30 June 2007

The previous corresponding comparative period is 1 January 2006 to 30 June 2006

2. The plant achieved a strong performance at the front end during the period.

Revenue from ordinary activities	Up 97%	to \$529.9m
Profit from ordinary activities after tax	Up 147%	to \$245.9m
Net Profit for the period attributable to members	Up 145%	to \$246.5m

Dividends (distributions)	Amount per security	Franked amount per security
Propose dividend in relation to this period	25 cents	25 cents
Record date for determining entitlements to the dividend	7 September 2007	

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

NTA Backing	30 June 2007	30 June 2006
Net tangible asset backing per share	1.70	1.23

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

DIRECTORS' REPORT

The Directors present their report, together with the financial report of Minara Resources Limited (the Company) and the consolidated financial report of the Consolidated Entity, being the Company and its controlled entities, for the six month period ended 30 June 2007, together with the auditor's report thereon.

DIRECTORS

The Directors of the Company serving during the period and at the date of this report are:

James Campbell	Non-executive Director and Chairman
Peter Johnston	Managing Director and Chief Executive Officer
John Morrison	Non-executive Director
Ivan Glasenberg	Non-executive Director
Willy Strothotte	Non-executive Director
Malcolm Macpherson	Non-executive Director
Steven Isaacs	Alternate Non-executive Director

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 MMJV" or "Murrin Murrin"), involving the mining and processing of laterite ore to produce nickel and cobalt, exploration for nickel directly and in joint ventures with third parties and research and development of nickel / cobalt heap leaching and other hydrometallurgical methods of nickel extraction.

DIVIDENDS

The Board of Directors resolved to declare a dividend of 25 cents per share, which will total approximately \$116.3 million. This compares with an interim dividend of 12.5 cents (unfranked) in respect of the previous corresponding period. This interim dividend will be fully franked and paid on 21 September 2007. The record date will be 7 September 2007.

A final dividend of 45 cents per share (fully franked), totalling \$209.3m, was paid to shareholders on 27 March 2007 in respect of the period to 31 December 2006.

REVIEW OF OPERATIONS AND RESULTS

Financial Results (\$'million)

	6 Months Ended 30 June 2007	6 Months Ended 30 June 2006
Ni Sales (tonnes)	8,918	8,302
Co Sales (tonnes)	397	548
Revenue from operations (\$ million)	529.9	268.5
Gross profit (\$ million)	354.8	122.2
Pre tax profit (\$ million)	337.1	109.3
Net profit after tax (\$ million)	246.5	100.7
Net cash flow (\$ million)	131.9	39.4

The Company recorded a half year consolidated gross profit from ordinary activities of \$354.8m and a profit after tax of \$246.5m for the financial period ended 30 June 2007. These results have been reported under A-IFRS requirements.

The Company receives a provisional payment for all nickel sales based on the LME cash price on the day prior to the delivery of a particular shipment. However, sales are not finalised until three months after shipment using the average LME cash settlement price for the third month after the month of shipment. In the Company's financial statements, all sales that have not been finalised at 30 June 2007 have been valued for revenue recognition purposes at US\$36,315 per tonne. At finalisation, if the nickel price varies from the price used for revenue recognition purposes at 30 June 2007, then the variance in revenue relating to those sales will be recognised in the following period.

Health, Safety & Environment

There was one lost time injury reported during the half-year period.

The lost time injury frequency rate (LTIFR) 6 month rolling average to 30 June 2007 was 0.47 and the 12 month rolling average was 3.71. The disabling injury frequency rate (DIFR = LTI + DI) 6 month rolling average to 30 June 2007 was 4.19 and the 12 month rolling average to 30 June 2007 was 7.91.

This shows a considerable improvement in the Company's safety record. The LTIFR 6 month rolling average to 31 December 2006 was 7.39 and the DIFR 6 month rolling average to 31 December 2006 was 12.1.

There were 4 environmental incidents reported to regulatory authorities during the second half of the period. The only significant environmental incident was the failure of a pipeline in the tailings storage facility which resulted in the discharge of approximately 1000m³ into the surrounding area. An area of approximately 1 ha was affected. The affected area has been remediated.

Operations

Production at Murrin Murrin for the 6 months to 30 June 2007 was 14,889 tonnes of nickel packaged, and 1,062 tonnes of cobalt packaged. The Company's share is 60%. During the previous corresponding 6-month period to 30 June 2006, 14,060 tonnes of nickel packaged, and 1,005 tonnes of cobalt packaged were produced.

The successful commissioning of the MMJV's Grey Mare Borefield has removed the raw water concerns.

During the period, the MMJV committed to the extension of the Murrin Murrin village by the addition of 400 ensuited rooms. These rooms will be used to accommodate the expanded workforce which will be brought on site to perform works relating to the major statutory shutdown currently scheduled for October 2007.

Planning and on going construction in preparation for the shutdown continued during the period.

Production during the period was impacted by several events.

During January, production was affected by two power outages leading to production constraints over an eight day period. Further, early in the period, the acid plant utilisation was constrained as a result of continuing problems with the 1B superheater. A second acid plant mist eliminator was commissioned and installed in early April improving the acid plant production rates.

Almost three days of production were lost during May as a result of another power outage.

During May and June, excessive scaling was identified in the reduction autoclaves. This scaling impacted significantly on nickel and cobalt production, resulting in the Company revising its 2007 production guidance. The cause of the scaling has been identified and a nitric acid flushing system was installed in August.

As a result of the reduced throughput in the reduction area, the MMJV had accumulated in excess of 1,000 tonnes of contained nickel in mixed sulphides as at 30 June 2007.

Heap Leach Project

The overall construction activities are now complete for the initial two pad heap leach demonstration plant. The plant was completed on time and on budget.

In addition, expansion activities, including the construction of an additional 6 leach pads and the necessary stacking and solution distribution infrastructure, were 95% complete at the end of the period.

More than 200,000 tonnes of scats have been stacked. Leaching of Pad 1 is well underway and nickel and cobalt recoveries are in line with expectations. The key heap leach parameters (heap geotechnical stability and percolation rates) have been verified. Integration of heap leach solution into the plant commenced in April.

Based on the success of the scats heaps, stacking and leaching of ore will commence in the second half.

A total of \$51.7 million at the MMJV level was capitalised at 30 June 2007 on the heap leach project.

Exploration

Irwin Hills – Coglia Well JV (MMJV 60%)

Pilot Scale metallurgical tests were carried out during the period and are ongoing. Petrographic studies have identified the potential for nickel sulphide accumulations within the ultramafic units confirming the prospectivity for this style of mineralisation.

Bardoc Nickel JV (Minara 51%)

Drilling on nickel sulphide targets in the Western zone was completed. No significant massive sulphides were detected and this area is now considered to be of lower prospectivity for economic mineralisation. Target generation has turned to the Eastern zone and as yet undrilled targets will be considered for further work in the second half of the year.

Mt Margaret (MMJV 100%)

No work was undertaken during the period.

Weld Range JV (Minara 75%)

No work was undertaken during the half year.

Mt Rankin and Collurabbie JVs (Minara earning 70%)

Soil sampling, ground transient electromagnetics (TEM) and drilling was completed at Mt Rankin. The ground TEM identified a number of conductors, three of which were tested by drilling. Although the drilling intersected sulphides, none were significantly nickeliferous. Further TEM work is being conducted on coincident magnetic and nickel soil anomalies as well as a review of the remaining TEM anomalies to determine the next drill targets.

Soil sampling and ground TEM was conducted at Collurabbie. Drill targets have been identified from conductive anomalies and will be tested in the second half of the year.

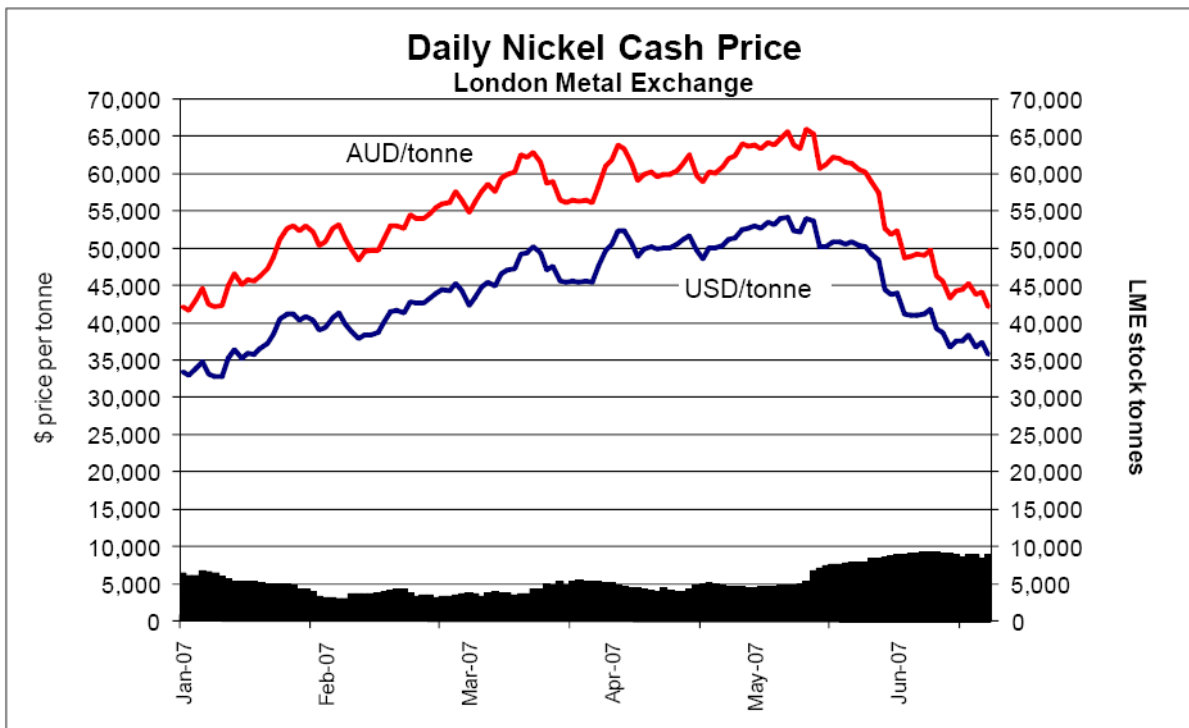
Further tenement holdings have been acquired for both project areas.

Capital Program

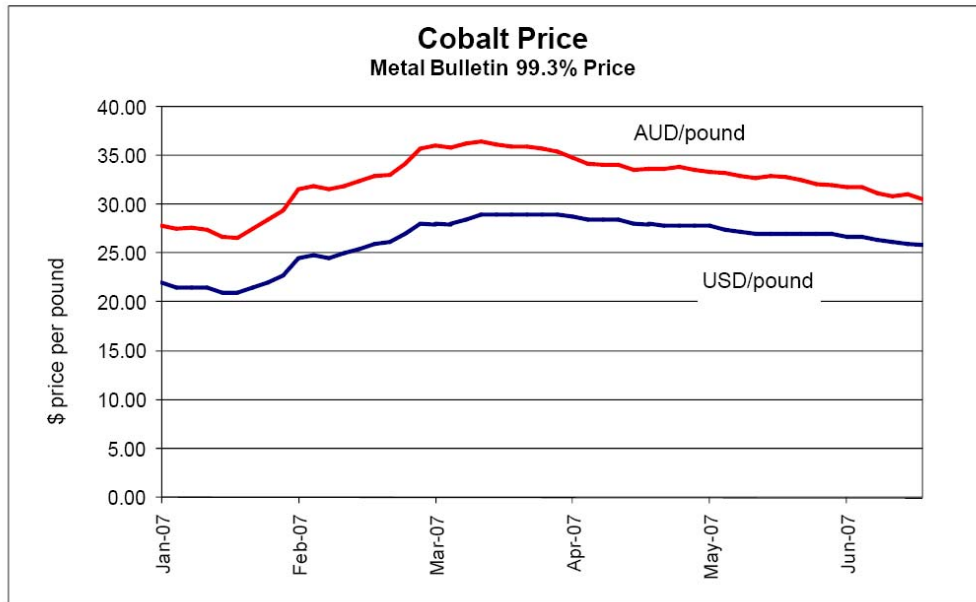
During the period, the Company incurred capital expenditure of \$43.0 million. \$12.9 million was spent on the Company's share of the heap leach demonstration plant and the Company spent \$8.9 million completing the development of the Grey Mare Borefield and \$5 million acquiring the calcrete plant and gas turbine plant which had previously been leased by the MMJV. The balance of the \$43.0 million included expenditure in respect of a second acid mist eliminator, a new 1B superheater and two new H₂S reactors. The existing 1B superheater and H₂S reactors will be replaced during the MMJV's major statutory shutdown currently scheduled for October 2007.

Metal Markets

Nickel demand is directly linked to stainless steel production and stainless steel consumption over the past few years has been driven by economic growth in China. Chinese nickel demand rebounded significantly in the fourth quarter of 2006 underpinning strong fundamental demand for nickel at the beginning of 2007. Subsequently, nickel rose to record highs on the back of tight supply. During the period, there was a softening in demand for stainless steel with a resultant flow on effect on nickel demand and price.



The cobalt market continued to build upon the almost doubling of price that occurred in November 2006. This price increase is largely attributed to the 5 year cobalt supply deal between the Russia nickel and cobalt producer Norilsk and the OMG Group which reduced the amount of spot cobalt available. The softening of the cobalt price latter in the months was largely credited to the seasonally lower demand in the northern hemisphere summer.



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 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 lead auditor’s independence declaration as required under section 307C of the *Corporations Act* 2001 (Cth) is set out on page 8 and forms part of the Director’s report for the six months ended 30 June 2007.

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
Managing Director and
Chief Executive Officer

Perth, 23 August 2007

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The Board of Directors
Minara Resources Limited
Level 4, 30 The Esplanade
PERTH WA 6000

23 August 2007

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 2007, 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

DELOITTE TOUCHE TOHMATSU



Ross Jerrard
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 2007

	Note	Consolidated	
		Jun 2007 \$'000	Jun 2006 \$'000
Revenue from operations	2(a)	529,927	268,524
Cost of production		(175,154)	(146,302)
Gross profit from the sale of product		354,773	122,222
Other income	2(b)	4,523	1,089
Finance expenses	2(b)	(1,864)	(2,189)
Other expenses	2(b)	(8,445)	(7,452)
Allowances and write downs	2(b)	(11,897)	(4,361)
Profit before income tax expense		337,090	109,309
Income tax expense attributable to profit from ordinary activities		(91,181)	(9,553)
Profit for the period		245,909	99,756
Loss attributable to minority interest		558	989
Profit attributable to members of the parent		246,467	100,745
Earnings per share:			
Basic (cents per share)		52.99	21.26
Diluted (cents per share)		52.75	21.26

Notes to the condensed financial statements are included on pages 13 to 20.

MINARA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
ACN 060 370 783
CONSOLIDATED CONDENSED BALANCE SHEET
AS AT 30 JUNE 2007

	Note	Consolidated	
		Jun 2007 \$'000	Dec 2006 \$'000
Current assets			
Cash and cash equivalents		434,994	310,748
Trade and other receivables	3	33,570	111,994
Inventories	4	81,271	67,986
Other		1,208	830
Total current assets		551,043	491,558
Non-current assets			
Trade and other receivables	3	3,756	2,628
Inventories	4	74,499	70,170
Property, plant and equipment		416,430	389,084
Mine assets		81,356	83,356
Deferred tax assets		35,801	9,839
Other		961	957
Total non-current assets		612,803	556,034
Total assets		1,163,846	1,047,592
Current liabilities			
Trade and other payables	5	76,198	69,905
Borrowings	6	3,651	11,834
Provisions	7	4,949	4,523
Current tax liabilities		162,349	53,253
Total current liabilities		247,147	139,515
Non-current liabilities			
Trade and other payables	5	35,565	34,315
Borrowings	6	9,697	12,342
Provisions	7	29,737	28,274
Deferred tax liabilities		48,980	78,143
Total non-current liabilities		123,979	153,074
Total liabilities		371,126	292,589
Net assets		792,720	755,003
Equity			
Issued capital		773,467	773,467
Reserves		3,173	2,078
Retained earnings / (accumulated losses)		18,299	(18,881)
Parent entity interest		794,939	756,664
Minority interest		(2,219)	(1,661)
Total equity		792,720	755,003

Notes to the condensed financial statements are included on pages 13 to 20.

MINARA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
ACN 060 370 783
CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN
EQUITY FOR THE HALF-YEAR ENDED 30 JUNE 2007

2007	Consolidated				
	Issued capital	Reserves	(Accum. Losses)/R et. Earnings	Minority interest	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2007	773,467	2,078	(18,881)	(1,661)	755,003
Share based payments	-	1,095	-	-	1,095
Total recognised income and expense	-	-	245,909	-	245,909
Loss attributable to minority interest	-	-	558	(558)	-
Dividends Paid – 45c per share (note 8)	-	-	(209,287)	-	(209,287)
Balance at 30 June 2007	773,467	3,173	18,299	(2,219)	792,720

2006	Consolidated				
	Issued capital	Reserves	Accum. losses	Minority interest	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'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)	-	-	-	-	-
Balance at 30 June 2006	773,467	-	(175,471)	(1,149)	596,847

Notes to the condensed financial statements are included on pages 13 to 20.

MINARA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
ACN 060 370 783
CONSOLIDATED CONDENSED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 30 JUNE 2007

	Note	Consolidated	
		Jun 2007 \$'000	Jun 2006 \$'000
Cash flows from operating activities			
Receipts from customers		607,420	238,070
Payments to suppliers and employees		(184,664)	(153,312)
Interest received		10,039	1,933
Interest and other costs of finance paid		(813)	(1,206)
Tax paid		(37,200)	-
Net cash provided by operating activities	13	394,782	85,485
Cash flows from investing activities			
Payments for exploration and evaluation costs		(1,739)	(458)
Payments for acquisition of tenements		-	49
Payments to term deposits		-	(9,211)
Payments for property, plant and equipment		(42,970)	(8,874)
Proceeds from term deposits & bonds		849	-
Net cash used in investing activities		(43,860)	(18,494)
Cash flows from financing activities			
Repayment of borrowings		(4,533)	(2,447)
Finance lease payments		(5,215)	(1,852)
Dividends paid:			
- members of the parent		(209,287)	(23,254)
Net cash used in financing activities		(219,035)	(27,553)
Net increase in cash and cash equivalents		131,887	39,438
Cash and cash equivalents at the beginning of the financial period		310,748	72,022
Effects of exchange rate changes on the balance of cash held in foreign currencies (i)		(7,641)	143
Cash and cash equivalents at the end of the financial period	13	434,994	111,603

Notes to the condensed financial statements are included on pages 13 to 20.

(i) The translation rate for the A\$:US\$ exchange rate was 0.8491 at 30 June 2007 (0.7423 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 2007**

1. Significant Accounting Policies

(a) Statement of compliance

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) Basis of preparation

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 2006 annual financial report for the financial year ended 31 December 2006.

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.

(c) Adoption of new and revised Accounting Standards

In the current year the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 2007. The adoption of these new and revised standards and Interpretations below has not resulted in changes to the Group's accounting policies in the following areas.

AASB 7 'Financial Instruments: Disclosures'	Effective for annual reporting periods beginning on or after 1 January 2007
AASB 101 'Presentation of Financial Statements' – revised standard	Effective for annual reporting periods beginning on or after 1 January 2007

There has been no impact as a result of these changes in Accounting Standards and Interpretations.

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 2007**

		Consolidated	
		Jun 2007	Jun 2006
		\$'000	\$'000
2 Profit from operations			
(a) Revenue			
Revenue from operations consisted of the following items:			
Sales revenue			
Revenue from sale of product	- Nickel (i)	521,244	257,951
	- Cobalt	44,282	20,711
	- Other	1,194	1,604
Sales discounts, commission and freight charges		(29,495)	(12,074)
Realised foreign exchange (losses) / gains (ii)		(7,298)	332
		529,927	268,524
(i) As at 30 June 2007, 4,553 metric tonnes (MT) nickel sales for the second quarter were provisionally priced for revenue recognition purposes at US\$36,315/MT, with final pricing to occur in the third quarter of 2007.			
(ii) 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		10,039	1,933
Ore royalty		809	504
Net Foreign exchange loss (i)		(6,561)	(1,348)
Other income		236	-
		4,523	1,089
(i) Realised foreign exchange losses are generated on the sales of US dollars and translation of US dollars held at the balance sheet date 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		(1,051)	(983)
Finance lease expenses		(248)	(545)
Secured Loan		(565)	(661)
Total finance expenses		(1,864)	(2,189)

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 2007**

	Consolidated	
	Jun 2007	Jun 2006
	\$'000	\$'000
2 Profit from operations (cont'd)		
(b) Profit before income tax (cont'd)		
Other expenses		
Corporate	(3,328)	(3,204)
Technical Services	(754)	(735)
Murrin Murrin administration and other	(2,658)	(783)
Business Improvement	-	(2,204)
Equity share-based payments	(1,095)	-
Accrual for native title payable	(439)	(355)
Amortisation of rehabilitation asset	(171)	(171)
	(8,445)	(7,452)
Allowances and Write Downs		
Inventory write down	(233)	(473)
Inventory price adjustment	(798)	(500)
Medium grade ore stock write down	(8,839)	(2,293)
Write down of plant	(288)	(637)
Write down of exploration and evaluation	(1,739)	(458)
	(11,897)	(4,361)
	Consolidated	
	Jun 2007	Dec 2006
	\$'000	\$'000
3 Trade and other receivables		
Current		
Trade debtors (i)	19,806	98,817
Term deposits (ii)	542	1,390
Other receivables	13,222	11,787
	33,570	111,994
Non-Current		
Term deposits (ii)	-	-
Other receivables	3,756	2,628
	3,756	2,628

(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 \$19,805,593 (2006: \$98,816,948). 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	542	1,390
Other deposits	-	-

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 2007**

	Consolidated	
	Jun 2007	Dec 2006
	\$'000	\$'000
4 Inventories		
Current		
Raw materials - at cost	49,596	55,285
Raw materials written down	(10,375)	(10,142)
	39,221	45,143
Ore stocks – at cost	12,747	10,573
Work in progress - at cost	19,229	5,516
Finished goods - at cost	10,074	6,754
Total current inventories	81,271	67,986
Non-Current		
Ore stocks	83,338	82,029
Ore stocks written down	(8,839)	(11,859)
Total non-current inventories (i)	74,499	70,170
Total Inventory	155,770	138,156
(i) Reconciliation of non-current ore stocks		
Ore stocks - at cost	55,713	50,531
Ore stocks - net realisable value	18,786	19,639
	74,499	70,170
5 Trade and other payables		
Current		
Trade payables & accruals	75,090	69,756
Other payables	1,108	149
	76,198	69,905
Non-Current		
Other payables (i)	35,565	34,315
	35,565	34,315

(i) Includes an amount of \$26,096,921 (2006: \$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
ACN 060 370 783

**NOTES TO AND FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS FOR
THE HALF-YEAR ENDED 30 JUNE 2007**

	Consolidated	
	Jun 2007	Dec 2006
	\$'000	\$'000
6 Borrowings		
Current		
At amortised cost		
Secured loan (i)	3,651	3,944
Finance lease liabilities	-	7,890
	3,651	11,834
Non-Current		
Secured loan (i)	9,697	12,342
	9,697	12,342

(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	4,949	4,523
	4,949	4,523
Non-Current		
Employee benefits	3,256	2,844
Provision for rehabilitation	26,481	25,430
	29,737	28,274

8 Dividends			
Fully paid ordinary shares			
	Cents per Share	Jun 2007	Jun 2006
		\$'000	\$'000
Final dividend:			
Fully franked (paid 26 March 2007)	45	(209,287)	-
Unfranked (paid 24 March 2006)	5	-	(23,254)
		(209,287)	(23,254)

The Company does not have any franking credits as at 30 June 2007.

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 2007**

9 Commitments for expenditure

	Consolidated	
	Jun 2007 \$'000	Dec 2006 \$'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	30,936	30,347
Longer than 1 year but not longer than 2 years	-	-
Longer than 2 years but not longer than 5 years	-	-
Longer than 5 years	-	-
	30,936	30,347

(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	3,559	3,381
Longer than 1 year but not longer than 5 years	19,925	19,858
Longer than 5 years	71,780	71,633
	95,263	94,872

(c) Lease Commitments

Finance lease commitments are payable as follows:

Not longer than 1 year	-	8,365
Longer than 1 year but not longer than 5 years	-	-
Longer than 5 years	-	-
	-	8,365
Future finance charges	-	(1,542)
	-	6,823

Lease liabilities provided for in the financial statements

Current	-	7,890
Non-Current	-	-
	-	7,890

Operating leases commitments are payable as follows:

Not longer than 1 year	-	4,413
Longer than 1 year but not longer than 2 years	-	1,145
Longer than 2 years but not longer than 5 years	-	-
Longer than 5 years	-	-
	-	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 2007**

	Consolidated	
	Jun 2007	Dec 2006
	\$'000	\$'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	934	934
Longer than 1 year but not longer than 5 years	9,942	9,942
Longer than 5 years	40,285	40,285
	51,161	51,161

The Joint Venture has commitments relating to camp facilities, handling facilities, grade control drilling and calcrete 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

Other than that stated below, there have been no material changes in contingent liabilities or contingent assets since the last annual reporting date.

In relation to the claim brought by the NEIB Aboriginal Corporation and persons purporting to represent the Goolburthunoo Native Title Group, IMF, by ASX announcement, has valued the claim at \$26 million. Its basis for doing so is unsubstantiated. Minara is vigorously defending these proceedings.

The matter in relation to the voidable transaction claim brought by the liquidators of Centaur Mining & Exploration Ltd and Cantaur Nickel Pty Ltd was settled during the period.

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.

MINARA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
ACN 060 370 783

NOTES TO AND FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS FOR

	Consolidated	
	Jun 2007	Jun 2006
	\$'000	\$'000
13 Notes to the cash flow statement		
(a) Reconciliation of cash and cash equivalents		
Cash and cash equivalents	434,994	111,603
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	246,467	100,745
adjusted for non cash items;		
Non-cash interest and other cost of finance paid	1,051	983
Depreciation and amortisation	17,367	19,959
Amortisation of rehabilitation asset	171	171
Unrealised foreign exchange (gains)/losses	6,561	488
Inventory write-down	233	473
Medium grade ore write-down	8,839	2,293
Other inventory adjustments	798	500
Provision for exploration and development costs	1,739	-
Loss on sale of property, plant and equipment	288	-
Write down of mining equipment	-	637
Accrual for native title	439	355
Ore royalty accrual	(809)	-
Provision for employee costs	-	(260)
Employee bonus share issue	1,095	-
Increase in current tax liability	146,306	11,847
Movement in deferred tax balances	(55,125)	(2,034)
Minority interest	(557)	(989)
 Changes in net assets and liabilities:		
(Increases) / decreases in assets:		
Receivables	77,257	(29,451)
Inventory	(27,484)	(18,323)
Other assets	(583)	(1,249)
 Increases / (decreases) in liabilities:		
Trade creditors	(29,669)	(660)
Provisions	398	-
 Net cash provided from / (used in) operating activities	394,782	85,485

(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 2007**

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, 23 August 2007

Deloitte.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

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 2007 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

DELOITTE TOUCHE TOHMATSU



Ross Jerrard
Partner
Chartered Accountants
Perth, 23 August 2007