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## QUARTERLY ACTIVITY REPORT FOR THE PERIOD ENDED 31 MARCH 2015

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Perth, Australia – 30 April 2015: Mirabela Nickel Limited (**Mirabela** or the **Company**) (ASX: MBN) announces its unaudited first quarter results for the period ended 31 March 2015.

### HIGHLIGHTS

- Production for the quarter of 3,855 tonnes of nickel in concentrate (Q4 2014: 3,714 tonnes).
- Sales for the quarter of 5,620 tonnes of nickel in concentrate (Q4 2014: 206 tonnes).
- C1 Unit cash costs of US\$4.88/lb for the quarter (Q4 2014: US\$4.82/lb).
- Average mined nickel grade of 0.42% for the quarter (Q4 2014: 0.47%) and total mining material movement of 6.0 million tonnes (Q4 2014: 6.1 million tonnes).
- Processing plant throughput for the quarter of 1.6 million tonnes (Q4 2014: 1.6 million tonnes).
- Average processing plant nickel recovery of 54% (Q4 2014: 50%) and average nickel feed grade of 0.44% (Q4 2014: 0.45%) for the quarter.
- Cash on hand and on deposit of US\$25.28 million at quarter end (Q4 2014: US\$17.56 million).

### OPERATIONS

Mirabela's first quarter of 2015 demonstrated continued overall improvement across the mine and plant with quarterly results for both areas in-line with operational guidance. Mine performance was hampered by the low availability of drilling equipment and hence a lack of broken material readily accessible to excavate. This resulted in lower than planned utilisation of the loading and hauling equipment. The primary crusher performance remains in the range of 1,200-1,500 tph with an availability at 83%. The ongoing building of the crushed ore stockpile provides constant feed to the plant and allows for steady state operation of the milling circuit. Process plant recovery continues to improve compared to the last quarter of 2014. The tailings deposition and dam wall construction are progressing according to the 2015 operations plan.

### *Safety*

With no lost time injuries reported during the quarter, Mirabela's twelve month moving average Lost Time Injury Frequency Rate (LTIFR) closed at 1.29. Mirabela continues to target further improvements to its safety record through ongoing safety reviews, training and improvement programs.

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## Production Statistics

		Three months ended 31 Mar 2015	Three months ended 31 Dec 2014	% change favourable/ (unfavourable)	Year to Date 2015
<b>Mining</b>					
Total Material Mined	Tonnes	<b>6,036,577</b>	6,148,687	(2)	6,036,577
Ore Mined	Tonnes	<b>1,743,043</b>	1,431,410	22	1,743,043
Nickel Grade	%	<b>0.42</b>	0.47	(14)	0.42
<b>Processing</b>					
Total Ore Processed	Tonnes	<b>1,618,058</b>	1,640,206	(1)	1,618,058
Nickel Grade	%	<b>0.44</b>	0.45	(2)	0.44
Copper Grade	%	<b>0.10</b>	0.09	11	0.10
Cobalt Grade	%	<b>0.02</b>	0.02	-	0.02
Nickel Recovery	%	<b>54</b>	50	8	54
Copper Recovery	%	<b>64</b>	64	-	64
Cobalt Recovery	%	<b>29</b>	26	12	29
<b>Production</b>					
Nickel in Concentrate	DMT	<b>3,855</b>	3,714	4	3,855
Copper in Concentrate	DMT	<b>1,037</b>	957	8	1,037
Cobalt in Concentrate	DMT	<b>71</b>	69	3	71
<b>Sales</b>					
Nickel in Concentrate <sup>(1)</sup>	DMT	<b>5,620</b>	206	>100	5,620
Copper in Concentrate <sup>(1)</sup>	DMT	<b>1,454</b>	44	>100	1,454
Cobalt in Concentrate <sup>(1)</sup>	DMT	<b>104</b>	4	>100	104

<sup>(1)</sup> Includes sales volume adjustments upon finalisation of assays.

### Mining

Total mined material movement for the quarter was 6.0 million tonnes of material moved for 1.7 million tonnes of ore for an average stripping ratio of 2.53:1. Material movement was impacted by limited mechanical availability of the blast hole drilling equipment. The effect was reduced utilisation of both the loading and hauling fleet due to the lack of broken material. The drilling equipment has subsequently been returned to service. With the drilling issues now largely resolved the team is currently working to further improve blasting practices and fragmentation results. Mined ore tonnage was significantly higher than the fourth quarter of 2014 due primarily to the ongoing review of the cut-off grade strategy and improved sequencing of ore and waste fronts. The quarter saw improvement in the availability of the excavator fleet over the last quarter despite hydraulic system breakdowns with a number of the units. Average mine grade of 0.42% Ni was 14% lower than the previous quarter.

### Processing

During the quarter, 1.6 million tonnes of ore was processed, at an average head grade of 0.44% Ni achieving an average recovery of 54%. Process recovery continues to improve compared to the fourth quarter of 2014 when a recovery of 50% was achieved with a slightly higher average head grade at 0.45%Ni. Plant availability was approximately 92% combined with a productivity increase of 4% over Q4 2014.

During Q1 2015, Mirabela produced 3,855 tonnes of contained nickel in concentrate, 1,037 tonnes of contained

copper in concentrate, and 71 tonnes of contained cobalt in concentrate. During the first quarter a total of 3,318 tonnes of nickel in concentrate was sold to an international trading house (*ITH*) and 2,302 tonnes of nickel in concentrate was sold to Norilsk Nickel Harjavalta Oy (*Norilsk Nickel*).

#### ***Votorantim***

Arbitration proceedings under the rules of the Center for Arbitration and Mediation CCBC, Sao Paulo Brazil, between Mirabela Brazil and Votorantim Metais S.A. (*Votorantim*) continued during the quarter. The arbitration proceedings were initiated by Votorantim in relation to its alleged force majeure claim and contractual obligations under its offtake agreement with Mirabela Brazil. Mirabela Brazil is also requesting compensation for financial loss.

#### ***Exploration***

Exploration activities for the quarter were limited to mapping and sampling. The team remained focused on tenement maintenance obligations. Growth activities are deferred in order to preserve cash.

## Unit Cash Costs

		Three months ended 31 Mar 2015	Three months ended 31 Dec 2014	% change favourable/ (unfavourable)	Year to Date 2015
Payable Nickel Production	Lbs	6,422,830	6,714,126	(4)	6,422,830
<b>Production Costs</b>					
Mining Cost	US\$/lb	2.21	2.80	21	2.21
Processing Costs	US\$/lb	1.34	1.46	8	1.34
Administration Cost	US\$/lb	0.47	0.46	(2)	0.47
Subtotal	US\$/lb	4.02	4.72	15	4.02
<b>Selling Costs</b>					
Transport/Shipping Cost	US\$/lb	0.63	0.47	(34)	0.63
By-Product Credit <sup>(1)</sup>	US\$/lb	(1.11)	(0.29)	>100	(1.11)
Smelter Charges	US\$/lb	1.34	(0.08)	(>100)	1.34
Subtotal	US\$/lb	0.86	0.10	(>100)	0.86
<b>C1 Unit Cash Cost</b>	US\$/lb	<b>4.88</b>	4.82	(1)	4.88
Unit Royalty Cost	US\$/lb	0.35	0.30	(17)	0.35
Realised Nickel Price <sup>(1)</sup>	US\$/lb	6.60	18.77	(65)	6.60
Realised Copper Price <sup>(1)</sup>	US\$/lb	2.75	1.43	92	2.75
Realised Cobalt Price <sup>(1)</sup>	US\$/lb	12.78	(42.85)	>100	12.78
Average US\$/Real Exchange Rate		2.86	2.55	12	2.86

<sup>(1)</sup> Including prior period QP adjustments, taking into account price adjustments at finalisation along with volume adjustments resulting from final assays.

Mirabela recorded a C1 unit cash cost for the first quarter of 2015 of US\$4.88/lb. Unit cash costs for the first quarter were 1% higher than the fourth quarter of 2014 predominantly due to sales to Norilsk Nickel in January 2015 resulting in higher selling costs.

In comparable absolute terms, mining costs are lower than the previous quarter due mostly to cost saving measures. The weakening USD:BRL exchange rate, cost saving measures, and lower material movement also resulted in lower mine operating costs. During the quarter, waste material was used to buttress the tailings dam wall and operating costs associated with this waste material were capitalised as tailings dam expenditures. Whilst waste material continues to be used in the tailings dam construction, such costs will be capitalised and amortised over the remaining life of the mine.

Realised nickel price reduced from Q4 2014 by approximately 65%. In Q4 2014, there was a material favourable price finalisation adjustment which inflated realised nickel price and increased revenues for the period by approximately US\$2.35 million. A negative adjustment to sales volume of -206 tonnes of nickel in concentrate also affected realized nickel price.

## Cash and Debt

Mirabela closed the first quarter of 2015 with cash on hand and on deposit of US\$25.28 million. The increase in cash on hand from 31 December 2014 (US\$17.56 million) was driven primarily from a combination of factors including: favourable cash flow from operations and a partial early payment received from a customer prior to cargo arrival at destination in April 2015; offset in part by capital expenditure of US\$2.79 million (mostly attributable to the tailings dam work); repayments of the Caterpillar and Atlas Copco finance facilities of US\$1.89 million, and interest payments relating to the Banco Bradesco working capital facility of US\$1.50 million.

## Corporate

### *Mirabela Investments Pty Ltd*

On 27 February 2015 Mirabela Investments Pty Ltd (*MIPL*), in its capacity as bare trustee, sold 108,947 Mirabela shares (*MBN Shares*) at an average price of \$0.065 per share. The share sale relates to cash-out instructions the Company received from a former holder of the 8.75% Senior Unsecured Notes due 2018 (*Former Noteholder*) regarding MBN Shares the Former Noteholder was entitled to receive in connection with the satisfaction and discharge of the claims of Former Noteholders under the deed of company arrangement dated 13 May 2014 and the Notice and Letter of Transmittal dated 4 June 2014 (*Cash-Out Instruction*).

MIPL currently holds 745,185 MBN Shares as bare trustee for one remaining Former Noteholder. The next sale date of MBN Shares will be on 29 May 2015.

## Share Capital

As at 31 March 2015 the Company's issued share capital consisted of 929,710,216 ordinary shares.

482,263 performance rights were outstanding at 31 December 2014, relating to the "*Mirabela Nickel Limited Performance Rights Plan*" (originally approved at a Shareholders' meeting held on 13 September 2010) which were in holding lock and vested on 31 December 2013 but which were subsequently suspended by the previous Board on 10 January 2014.

## CONTACT DETAILS

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