
QUARTERLY ACTIVITY REPORT FOR THE PERIOD ENDED 30 JUNE 2015

Perth, Australia – 30 July 2015: Mirabela Nickel Limited (**Mirabela** or the **Company**) (ASX: MBN) announces its unaudited second quarter results for the period ended 30 June 2015.

HIGHLIGHTS

- Production for the quarter of 4,356 tonnes of nickel in concentrate (Q1 2015: 3,855 tonnes).
- Sales for the quarter of 3,402 tonnes of nickel in concentrate (Q1 2015: 5,620 tonnes).
- C1 Unit cash costs of US\$4.49/lb for the quarter (Q1 2015: US\$4.88/lb).
- Average mined nickel grade of 0.46% for the quarter (Q1 2015: 0.42%) and total mining material movement of 6.6 million tonnes (Q1 2015: 6.0 million tonnes).
- Processing plant throughput for the quarter of 1.6 million tonnes (Q1 2015: 1.6 million tonnes).
- Average processing plant nickel recovery of 58% (Q1 2015: 54%) and average nickel feed grade of 0.46% (Q1 2015: 0.44%) for the quarter.
- Cash on hand and on deposit of US\$16.24 million at quarter end (Q1 2015: US\$25.28 million).

OPERATIONS

Mirabela's second quarter of 2015 continued its overall improvement across the mine and plant with quarterly results for both areas showing strong performance compared to Q1 of 2015. Despite the low availability of the off-road-truck fleet to move material the mine performance improved during the quarter. The primary crusher availability for the quarter averaged at 90%, with production ranging between 1,300 to 1,400 tonnes per hour.

The increase in broken ore inventory, currently at 1.4 million tonnes, provides constant feed to the plant and allows for a steady state operation of the milling circuit. Process plant recovery demonstrated further improvement on the first quarter of 2015, averaging 58% for the second quarter. The tailings deposition and dam wall construction are continuing to progress in accordance with the 2015 operations plan.

During the first half of July 2015, production was affected by the unplanned stoppage of the gyratory crusher. Plant operations returned to normal on 22 July 2015. The second crusher was utilized during this period to lower the impact on production. The lower nickel concentrate production for July 2015 compared to plan is expected to have a negative impact on the third quarter production. However, Mirabela is in a position to reiterate its nickel production guidance of between 16,500-18,000 tonnes of nickel in concentrate for the full year.

Safety

With one lost time injury reported during the quarter, Mirabela's twelve month moving average Lost Time Injury Frequency Rate (LTIFR) closed at 0.64. Mirabela continues to target further improvements to its safety record through ongoing safety reviews, training and improvement programs.

Production Statistics

| | | Three months ended 30 Jun 2015 | Three months ended 31 Mar 2015 | % change favourable/ (unfavourable) | Year to Date 2015 |
|--------------------------------------|--------|-----------------------------------|-----------------------------------|---|----------------------|
| Mining | | | | | |
| Total Material Mined | Tonnes | 6,570,442 | 6,036,577 | 9 | 12,607,019 |
| Ore Mined | Tonnes | 1,577,088 | 1,743,043 | (10) | 3,320,131 |
| Nickel Grade | % | 0.46 | 0.42 | 10 | 0.44 |
| Processing | | | | | |
| Total Ore Processed | Tonnes | 1,642,500 | 1,618,058 | 2 | 3,260,558 |
| Nickel Grade | % | 0.46 | 0.44 | 5 | 0.45 |
| Copper Grade | % | 0.10 | 0.10 | - | 0.10 |
| Cobalt Grade | % | 0.02 | 0.02 | - | 0.02 |
| Nickel Recovery | % | 58 | 54 | 7 | 56 |
| Copper Recovery | % | 73 | 64 | 14 | 68 |
| Cobalt Recovery | % | 31 | 29 | 7 | 30 |
| Production | | | | | |
| Nickel in Concentrate | DMT | 4,356 | 3,855 | 13 | 8,211 |
| Copper in Concentrate | DMT | 1,215 | 1,037 | 17 | 2,252 |
| Cobalt in Concentrate | DMT | 78 | 71 | 10 | 149 |
| Sales | | | | | |
| Nickel in Concentrate ⁽¹⁾ | DMT | 3,402 | 5,620 | (39) | 9,022 |
| Copper in Concentrate ⁽¹⁾ | DMT | 1,094 | 1,454 | (25) | 2,548 |
| Cobalt in Concentrate ⁽¹⁾ | DMT | 58 | 104 | (44) | 162 |

⁽¹⁾ Includes sales volume adjustments upon finalisation of assays.

Mining

Total mined material movement for the quarter was 6.6 million tonnes of material moved for 1.6 million tonnes of ore for an average stripping ratio of 3.17:1. Improved drill rig availability during the quarter resulted in higher metrage completed and higher tonnage of broken ore available. Approximately 1.4 million tonnes of ore is currently stockpiled or ready for loading and hauling to the gyratory crusher. Material movement was unfavourably impacted by low physical availability of the off-road truck fleet to haul material, due mostly to a delay in the rebuild program. With the resolution of the hydraulic system issues, the contracted excavator fleet saw significant improvement in availability during the latter part of the quarter. The Company started rebuilding its own shovels and the first Terex RH120 returned to operations in June 2015. Its performance to date meets expectations and another refurbished Terex shovel has been added to the operating fleet. Front-end-loader fleet availability during the quarter was limited by mechanical issues which are currently being addressed.

Average mine grade of 0.46% Ni was 10% higher than the previous quarter.

Processing

During the quarter, 1.6 million tonnes of ore was processed, at an average head grade of 0.46% Ni achieving an average recovery of 58%. Process recovery has improved by 7% compared to the first quarter of 2015 along with a 5% increase in average head grade at 0.46%Ni. Plant availability and utilisation were approximately 93% and 95%, respectively,

combined with a productivity increase of 13% over Q1 2015.

During Q2 2015, Mirabela produced 4,356 tonnes of contained nickel in concentrate, 1,215 tonnes of contained copper in concentrate, and 78 tonnes of contained cobalt in concentrate. During the second quarter a total of 3,514 tonnes of nickel in concentrate was sold to an international trading house (*ITH*), offset slightly by negative quotational period finalisations of 112 tonnes of nickel in concentrate to Norilsk Nickel Harjavalta Oy (*Norilsk Nickel*) – these relating to pre February 2015 provisional sales. Nickel in concentrate sales were down compared to Q1 2015 due to a shipment being delayed as a result of the Brazilian Ministry of Labour’s stop work order relating to the handling, transportation and shipping of concentrate to the Ilheus Port. The shipment was originally scheduled to be loaded at port at the end of June 2015. The stop work order was subsequently lifted and the shipment completed by mid-July 2015.

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 30 Jun 2015 | Three months ended 31 Mar 2015 | % change favourable/ (unfavourable) | Year to Date 2015 |
|--------------------------------------|---------|-----------------------------------|-----------------------------------|---|----------------------|
| Payable Nickel Production | Lbs | 7,156,776 | 6,422,830 | 11 | 13,579,606 |
| Production Costs | | | | | |
| Mining Cost | US\$/lb | 1.98 | 2.21 | 10 | 2.17 |
| Processing Costs | US\$/lb | 1.28 | 1.34 | 4 | 1.31 |
| Administration Cost | US\$/lb | 0.50 | 0.47 | (6) | 0.48 |
| Subtotal | US\$/lb | 3.76 | 4.02 | 6 | 3.96 |
| Selling Costs | | | | | |
| Transport/Shipping Cost | US\$/lb | 0.48 | 0.63 | 24 | 0.55 |
| By-Product Credit ⁽¹⁾ | US\$/lb | (0.82) | (1.11) | (26) | (0.96) |
| Smelter Charges | US\$/lb | 1.07 | 1.34 | 20 | 1.20 |
| Subtotal | US\$/lb | 0.73 | 0.86 | 15 | 0.79 |
| C1 Unit Cash Cost | US\$/lb | 4.49 | 4.88 | 8 | 4.75 |
| Unit Royalty Cost | US\$/lb | 0.23 | 0.35 | 34 | 0.32 |
| Realised Nickel Price ⁽¹⁾ | US\$/lb | 5.42 | 6.60 | (18) | 6.60 |
| Realised Copper Price ⁽¹⁾ | US\$/lb | 2.61 | 2.75 | (5) | 2.75 |
| Realised Cobalt Price ⁽¹⁾ | US\$/lb | 7.79 | 12.78 | (39) | 12.78 |
| Average US\$/Real Exchange Rate | | 3.07 | 2.86 | 7 | 2.86 |

⁽¹⁾ 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 second quarter of 2015 of US\$4.49/lb. Unit cash costs for the second quarter were 8% lower than the first quarter of 2015, predominantly due to higher payable nickel production; a weaker USD:BRL exchange rate; and capitalisation of operating costs associated with waste material used to buttress the tailings dam wall. 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.

In comparable absolute terms, mining costs are higher than the previous quarter due mostly to an increase in material mined; additional costs associated with increasing the broken pit inventory to 1.4 million tonnes; and increases in unit prices of mining materials. These were partly offset by the weakening USD:BRL exchange rate and ongoing cost saving measures. Similarly, processing costs were greater than Q1 2015 primarily as a result of higher ore processed during the second quarter, along with higher mill material costs, but resulting in a 13% increase in nickel concentrate production compared to the first quarter.

Cash and Debt

Mirabela closed the second quarter of 2015 with cash on hand and on deposit of US\$16.24 million. The decrease in cash on hand from 31 March 2015 (US\$25.28 million) was driven primarily from a combination of factors including: capital expenditure of US\$9.11 million (mostly attributable to the tailings dam work); net cash outflows from operating activities of US\$0.32 million; and repayment of the Caterpillar finance facility of US\$0.19 million.

The cash balance at 29 July 2015 is approximately US\$10.09 million. The continuing low nickel price is significantly impacting Mirabela's cash position and the Company continues to research and implement ways to conserve and improve the overall cash position, including attempts to raise additional funding.

Corporate

Mirabela Investments Pty Ltd

Mirabela Investments Pty Ltd (**MIPL**), in its capacity as bare trustee, on 18, 19 and 22 June 2015 sold a total of 745,185 Mirabela shares (**MBN Shares**) at an average share price of \$0.125 per share. The share sale relates to MBN Shares the former holders of the 8.75% senior notes due 2018 (**Former Noteholders**) were 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**).

The proceeds of the sale of the MBN Shares (less costs, fees and taxes associated with the sale) are now held by MIPL on trust for all Noteholders who did not tender their Notes through ATOP, or who have not issued a Cash Out Instruction to MIPL (**Unaccounted Noteholders**). MIPL will hold these proceeds on trust until 16 June 2020, after which all unclaimed proceeds will be remitted to the Department of Treasury (Western Australia) in accordance with the *Unclaimed Money Act 1990* (WA).

MIPL, in its capacity as bare trustee, no longer holds any MBN Shares on behalf of Unaccounted Noteholders.

Share Capital

As at 30 June 2015 the Company's issued share capital consisted of 929,710,216 ordinary shares.

The Company also retains on issue 115,000 Senior Convertible Secured Notes.

Performance Rights

On 7 July 2015, the Company issued 482,263 fully paid ordinary shares as a result of conversion of 482,263 outstanding performance rights in accordance with the "*Mirabela Nickel Limited Performance Rights Plan*" originally approved by Shareholders on 13 September 2010. These shares are subject to a twelve month holding lock.

Securities

As a result of the share issue on 7 July 2015, as noted above, at the date of this report the Company has 930,192,479 ordinary shares on issue quoted on the ASX.

CONTACT DETAILS

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