



MIRABELA NICKEL
LTD

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Manager Announcements
Company Announcements Office
Australian Securities Exchange
20 Bridge Street
SYDNEY NSW 2000

via electronic lodgement

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CANADIAN SHORT FORM PROSPECTUS

We attach the final short form prospectus lodged with the securities commission in connection of each of the provinces of Canada other than Quebec in connection with the offering of 120 million subscription receipts in Canada.

The Short Form Prospectus is provided for information purposes only for investors outside of Canada.

Concurrent with the Canadian offering, the Company is completing a private placement of approximately 32,400,000 ordinary shares outside of Canada, principally in Australia and Asia.

For and on behalf of the Board

Nick Poll
Managing Director

Craig Burton
Corporate Director

Background

Mirabela Nickel Ltd owns 100% of the Santa Rita nickel sulphide project and is listed on the Australian and Toronto Stock Exchanges. The Company believes that Santa Rita is the largest nickel sulphide discovery world-wide in the last 12 years.

Construction of a 6.4 mtpa nickel sulphide concentrator commenced in November 2007. Construction is now about 85% complete and the project remains on track to commence production mid 2009.

The plant will have a capacity of 18,500 tpa of nickel in a sulphide concentrate from one open-cut mine starting from mid 2009 increasing to 27,000 tpa by mid 2010. At this rate of production the project will have a mine life of at least 19 years.

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Certain information in this press release, including all statements that are not historical facts, constitutes forward-looking information within the meaning of applicable Canadian securities laws. Such forward-looking information includes, but is not limited to, information which reflect management's expectations regarding Mirabela's financing plans, including its intentions to issue debt and equity. There can be no assurance that the forward-looking information will prove to be accurate.

The securities referred to herein have not been registered under the US Securities Act of 1933 and may not be offered or sold in the United States or to a US person absent registration or an applicable exemption from registration.

Additional information about the Company and its business activities is available under the Company's profile on SEDAR at www.sedar.com.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and only by persons permitted to sell these securities in those jurisdictions. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended, or any state securities laws and may not be offered or sold in the United States or to United States persons except in compliance with the registration requirements of the United States Securities Act of 1933, as amended, and applicable state securities laws or under exemptions from those laws. See "Plan of Distribution."

Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated by reference herein may be obtained on request without charge from the Company Secretary of Mirabela Nickel Limited at Level 21, Allendale Square, 77 St Georges Terrace, Perth, Western Australia, 6000, telephone +61 8 9324 1177 and are also available electronically at www.sedar.com.

SHORT FORM PROSPECTUS

New Issue

March 13, 2009



MIRABELA NICKEL
ACN 108 161 593 LTD

C\$120,000,000 120,000,000 Subscription Receipts each representing the right to receive one ordinary share

This short form prospectus qualifies the distribution of 120,000,000 subscription receipts (the "Subscription Receipts") of Mirabela Nickel Limited ("Mirabela" or the "Company") at a price of C\$1.00 per Subscription Receipt (the "Offering Price", and the "Offering", respectively). Each Subscription Receipt will entitle the holder thereof to receive, without payment of additional consideration or further action, one ordinary share of the Company (an "Ordinary Share") upon satisfaction of the Release Conditions (as defined herein). See "Plan of Distribution".

Upon closing of the Offering, the gross proceeds (less the Underwriters' expenses and the Work Fee (as defined herein)) from the sale of the Subscription Receipts (the "Escrowed Proceeds") will be held by Equity Transfer & Trust Company, as escrow agent (the "Escrow Agent"), and invested in short-term obligations of, or guaranteed by, the Government of Canada (and other approved investments), pending satisfaction of the Release Conditions. The funds held by the Escrow Agent, together with all interest and other income earned thereon, are referred to herein as the "Escrowed Funds".

Provided that the Release Conditions are satisfied on or before 5:00 p.m. (Toronto time) on the date that is 60 days following closing of the Offering (the "Release Deadline"), the Escrowed Funds (other than the Underwriters' Commission which shall be paid to the Underwriters) will be released to the Company and the Subscription Receipts will be automatically converted into Ordinary Shares, without payment of additional consideration or further action on the part of the holders.

In the event that: (i) the Release Conditions are not satisfied by the Release Deadline; or (ii) prior to such time, the Company advises the Underwriters or announces to the public that it does not intend to proceed with satisfying one or more of the Release Conditions (each such event being a "Termination Event"), then the Escrow Agent and the Company will return to the holders of the Subscription Receipts, on the second business day following the occurrence of such Termination Event (the "Termination Date"), an amount equal to the aggregate Offering Price of the Subscription Receipts held by such holder and their *pro rata* share of interest earned on the Escrowed Proceeds. The Company shall be responsible and liable to such holders for any shortfall between that amount and the Escrowed Funds. See "Description of Securities Being Distributed — Subscription Receipts".

No additional consideration will be received by the Company and no commission or fee will be payable by the Company in connection with the Ordinary Shares issuable upon exercise of the Subscription Receipts. The Offering Price was determined by negotiation between the Company and GMP Securities L.P. ("GMP") on behalf of itself and Cormark Securities Inc., Dundee Securities Corporation, Macquarie Capital Markets Canada Ltd. and Haywood Securities Inc. (collectively, the "Underwriters"). See "Plan of Distribution".

The outstanding Ordinary Shares of the Company are listed and posted for trading on the Australian Securities Exchange (the "ASX") under the symbol "MBN" and on the Toronto Stock Exchange (the "TSX") under the symbol "MNB". On March 12, 2009, being the last trading day before the filing of this short form prospectus, the closing price of the Ordinary Shares was A\$1.42 on the ASX and C\$1.11 on the TSX. The Subscription Receipts are being sold pursuant to an underwriting agreement (the "Underwriting Agreement") between the Company and the Underwriters dated March 13, 2009. The TSX has conditionally approved listing of the Subscription Receipts and the Ordinary Shares issuable upon conversion of the Subscription Receipts on the TSX. Listing is subject to the Company fulfilling all the listing requirements of the TSX including, in the case of the Subscription Receipts, distribution of the Subscription Receipts to a minimum number of public security holders, on or before June 1, 2009.

Price: C\$1.00 per Subscription Receipt

	Price to the Public ⁽¹⁾	Underwriters' Commission ⁽²⁾	Net Proceeds to the Company ⁽³⁾
Per Subscription Receipt	C\$1.00	C\$0.05	C\$0.95
Total	C\$120,000,000	C\$6,000,000	C\$114,000,000

Notes:

- (1) The Offering Price, the Underwriters' Commission and the Work Fee were established by negotiation between the Company and the Underwriters. See "Plan of Distribution".
- (2) The commission payable to the Underwriters in relation to the sale of the Subscription Receipts is 5% of the gross proceeds from the sale of the Subscription Receipts payable upon the release of the Escrowed Funds to the Company. In addition, the Underwriters will be paid a fee of approximately C\$324,000 (the "Work Fee"), payable upon closing of the Offering. If the Release Conditions are not satisfied on or before the Release Deadline, the Underwriters' Commission will not be paid. See "Plan of Distribution".
- (3) Excluding interest, if any, on the Escrowed Proceeds and after deducting the Underwriters' Commission but before deducting the Work Fee and expenses of the Offering estimated to be C\$1,500,000.

(continued on next page)

(continued from cover)

The Underwriters, as principals, conditionally offer the Subscription Receipts, subject to prior sale, if, as and when issued by the Company and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement and subject to approval of certain legal matters on behalf of the Company by Lawson Lundell LLP and on behalf of the Underwriters by Cassels Brock & Blackwell LLP.

Subject to applicable laws, and in connection with the Offering, the Underwriters may effect transactions that stabilize or maintain the market price of the Ordinary Shares of the Company at levels other than those which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. **The Underwriters may offer Subscription Receipts at prices lower than stated above.** See “*Plan of Distribution*”. No such transaction will be conducted by the Underwriters in Australia or with persons in Australia.

Subscriptions for Subscription Receipts will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice.

Closing of the Offering (the “**Closing Date**”) is expected to occur on or about March 19, 2009 or such later date as the Company and the Underwriters may agree, but in any event no later than 42 days after the date of the receipt for this short form prospectus.

It is expected that one or more global certificates for the Subscription Receipts distributed by this short form prospectus in Canada will be issued in registered form to CDS Clearing and Depository Services Inc. (“**CDS**”) and will be deposited with CDS on the Closing Date. No certificate evidencing the Subscription Receipts will be issued to Canadian resident purchasers, except in certain limited circumstances, and registration will be made in the depository service of CDS. Canadian resident purchasers of the Subscription Receipts will receive only a customer confirmation from the Underwriters or other registered dealer who is a CDS participant and from or through whom a beneficial interest in the Subscription Receipts is purchased. Certificates representing the Subscription Receipts distributed under this short form prospectus in the United States will be available for delivery at closing.

Although the TSX has conditionally approved the listing of the Subscription Receipts there is currently no market through which the Subscription Receipts may be sold and purchasers may not be able to resell the Subscription Receipts distributed under this short form prospectus. This may affect the pricing of the Subscription Receipts in the secondary market, the transparency and availability of trading prices, the liquidity of the Subscription Receipts and the extent of issuer regulation. See “*Risk Factors*”.

An investment in the Subscription Receipts and the Ordinary Shares issuable pursuant to the Subscription Receipts involves a high degree of risk. It is important for prospective purchasers to consider the risk factors outlined in this short form prospectus. See “*Risk Factors*”.

The Company intends to, concurrently with the Offering, complete a private placement (the “**Concurrent Private Placement**”) of up to approximately 32,400,000 Ordinary Shares at the Australian dollar equivalent of the Offering Price for gross proceeds to the Company of up to approximately C\$32.4 million. The Concurrent Private Placement will be conducted outside of Canada, principally in Australia and Asia, on a private placement basis without preparation of a prospectus or registration statement. A fee will be paid to certain Australian registered investment banks (which may include Australian affiliates of one or more of the Underwriters) for services rendered in connection with the Concurrent Private Placement (the “**Placement Commission**”). This short form prospectus does not qualify the distribution of the Ordinary Shares issued pursuant to the Concurrent Private Placement. The Concurrent Private Placement is to be completed on a deferred settlement basis. Subscriptions for Ordinary Shares will be accepted by the Company concurrently with the completion of the Offering. However, subscribers will only pay for the Ordinary Shares and the Ordinary Shares will only be issued upon the Release Conditions being satisfied. In addition, if the Release Conditions are not satisfied by 5:00 p.m. (Perth time) on April 24, 2009, the subscriptions will automatically terminate unless such date is extended by mutual agreement. The Concurrent Private Placement has been conditionally approved by the TSX, provided the Concurrent Private Placement is completed within 60 days of the Closing Date of the Offering and subject to the Company satisfying certain routine requirements.

Mirabela is incorporated under the laws of a foreign jurisdiction and both the Company and a majority of the directors and officers of Mirabela reside outside of Canada. Although the Company and the directors and officers that signed this short form prospectus have appointed Lawson Lundell LLP, Suite 1600, 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2, Canada, as its agent for service of process in Canada, it may not be possible for investors to enforce judgments obtained in Canada against Mirabela or any of its directors or officers residing outside of Canada.

Based on information provided by Dundee Securities Corporation, Dundee Securities Corporation, the directors, officers, employees and affiliates thereof, including but not limited to Goodman & Company, Investment Counsel Ltd. on behalf of mutual funds or client accounts managed by it, and associates of each of them (collectively, the “Dundee Group**”), own or control, as at the close of business on March 11, 2009, in aggregate, 25,954,208 Ordinary Shares representing 19.99% of the issued and outstanding Ordinary Shares of Mirabela and 17.91% of the Ordinary Shares of Mirabela on a fully diluted basis. As a result, Mirabela is a “connected issuer” of Dundee Securities Corporation, one of the Underwriters. See “*Plan of Distribution*”.**

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DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Company Secretary at Level 21, Allendale Square, 77 St Georges Terrace, Perth, Western Australia, 6000, telephone +61 8 9324 1177 and are also available electronically under the Company's profile at www.sedar.com.

The following documents of the Company, filed with the securities commissions or similar authorities in all of the provinces of Canada except Québec, are specifically incorporated by reference into and form an integral part of this short form prospectus:

- (a) the material change report of the Company dated March 12, 2009 announcing commitments for a secured senior term loan of US\$190 million and a commitment for an equipment fleet financing facility of up to US\$55 million;
- (b) the annual information form of the Company dated September 29, 2008 (including the documents incorporated by reference therein) for the year ended June 30, 2008 (the “**Annual Information Form**”);
- (c) the audited consolidated financial statements of the Company as at, and for the 12 months ended June 30, 2008, and the comparative financial statements as at and for the 12 months ended June 30, 2007, together with the auditors' report thereon dated September 30, 2008;
- (d) management's discussion and analysis for the 12 months ended June 30, 2008;
- (e) the unaudited consolidated financial statements of the Company as at, and for the three and six months ended December 31, 2008, together with the notes thereon;
- (f) management's discussion and analysis for the three and six months ended December 31, 2008;
- (g) the material change report of the Company dated December 23, 2008 announcing a maiden underground resource for the Santa Rita Project;
- (h) the material change report of the Company dated December 4, 2008 announcing an extension of its US\$80 million bridge financing facility with Barclays Capital and Credit Suisse International;
- (i) the material change report of the Company dated September 12, 2008 announcing an upgraded in-pit resource estimate for the Santa Rita Project (as defined herein);
- (j) the information circular of the Company dated February 16, 2009 prepared for the purposes of the special meeting of shareholders to be held on March 19, 2009 for the purposes of obtaining Shareholder Approval (as defined herein);
- (k) the information circular of the Company dated October 15, 2008 prepared for the purposes of the annual general meeting of shareholders held on November 27, 2008; and
- (l) the information circular of the Company dated July 3, 2007 for the purposes of the special general meeting of shareholders held on August 9, 2007.

A reference herein to this short form prospectus also means any and all documents incorporated by reference in this short form prospectus. Any document of the type referred to above, including audited annual consolidated financial statements, unaudited interim consolidated financial statements and the related management's discussion and analysis, material change reports (excluding confidential material change reports), any business acquisition reports, the content of any news release disclosing financial information for a period more recent than the period for which financial information is deemed incorporated by reference in this short form prospectus and certain other disclosure documents as set forth in Item 11.1 of Form 44-101F1 of National Instrument 44-101 of the Canadian Securities Administrators filed by the Company with the securities commissions or similar regulatory authorities in Canada after the date of this prospectus and prior to the termination of the Offering shall be deemed to be incorporated by reference in this prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this short form prospectus, to the extent that a

statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not constitute a part of this prospectus, except as so modified or superseded. The modifying or superseding statement need not state that it has modified or superseded a prior statement or includes any other information set forth in the document that it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Certain information in this short form prospectus, including all statements that are not historical facts, constitutes forward-looking information within the meaning of applicable Canadian securities laws. Such forward-looking information includes, but is not limited to, information which reflect management's expectations regarding Mirabela's future growth, results of operations (including, without limitation, future production and capital expenditures), performance (both operational and financial) and business prospects (including the timing and development of new deposits and the success of exploration activities) and opportunities. Often, this information includes words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

In making and providing the forward-looking information included in this short form prospectus, the Company has made numerous assumptions. These assumptions include among other things, assumptions about the price of nickel and other base metals, anticipated costs and expenditures, the availability of credit, future production and recovery, that the supply and demand for nickel develops as expected, that there is no unanticipated fluctuation in interest rates and foreign exchange rates and that there is no further material deterioration in general economic conditions. Although management believes that the assumptions made and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate. By its nature, forward-looking information is based on assumptions and involves known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements, or industry results, to be materially different from future results, performance or achievements expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include among other things the following: changes in the terms of the Revised Senior Loan, changes in the terms of the Leasing Facility, the Revised Senior Loan not being available to the Company, termination of the Concurrent Private Placement, the risk that additional financing will be required, the possibility that the Company continues to incur losses, counterparty risk, continued decreases in the price of nickel, failure to satisfy the Release Conditions, no market for the Subscription Receipts, heavy dependence on achieving successful operations and mineral recovery at the Santa Rita Project, capital and operating cost estimates, delays in construction of the Santa Rita Project, interest rate fluctuations, production estimates, need for additional financing, uncertainty in the estimation of mineral reserves and mineral resources, the inherent dangers of mining, infrastructure risk, hedging policies, insurance and uninsured risks, environmental risks and regulations, government regulation, ability to obtain and renew licenses and permits, foreign operations risks, no production revenues, title to properties, competition, dependence on key personnel, currency fluctuations, repatriation of earnings, stock exchange price fluctuations, conflicts of interest, effecting service of process, dilution resulting from the Offering, and future sales or issuances of the Ordinary Shares lowering the Ordinary Share price, diluting investors' voting power and reducing the Company's earnings per share.

This short form prospectus and the Company's quarterly and annual management's discussion and analysis contain additional information on risks, uncertainties and other factors relating to the forward-looking information. Although the Company has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Also, many of the factors are beyond the Company's control. Accordingly, readers should not place undue

reliance on forward-looking information. The Company undertakes no obligation to reissue or update forward-looking information as a result of new information or events after the date of this short form prospectus except as may be required by law. All forward-looking information disclosed in this document is qualified by this cautionary statement.

Additional information about the Company and its business activities is available under the Company's profile on SEDAR at www.sedar.com.

ELIGIBILITY FOR INVESTMENT

In the opinion of Lawson Lundell LLP, counsel to the Company, and Cassels Brock & Blackwell LLP, counsel to the Underwriters based on the provisions of the *Income Tax Act* (Canada) (the "Tax Act") the regulations thereunder and the proposals to amend the Tax Act and the regulations thereunder publicly announced by the Minister of Finance (Canada) prior to the date hereof, the Subscription Receipts and Ordinary Shares if issued on the date hereof, would be qualified investments for trusts governed by registered retirement savings plans, registered education savings plans, registered retirement income funds, deferred profit sharing plans registered disability savings plans and tax-free savings accounts (collectively, the "Plans") provided the Ordinary Shares are listed on a designated stock exchange in Canada (which currently includes the ASX and the TSX) and, in the case of the Subscription Receipts, the Company deals at arm's length with each person who is an annuitant, a beneficiary, an employer or a subscriber under such Plan.

CURRENCY AND EXCHANGE RATE INFORMATION

The Company reports in United States dollars. Accordingly, unless otherwise indicated, all references to "US\$" or "dollars" in this short form prospectus refer to United States dollars, "C\$" refers to Canadian dollars, "A\$" refers to Australian dollars and "BRL\$" refers to Brazilian reais.

The high, low average and closing exchange rates for Canadian dollars in terms of United States dollars and Canadian dollars in terms of Australian dollars for each of the last three years ended June 30, 2008, as quoted by the Bank of Canada, were as follows:

<u>Canadian dollar per United States dollar</u>	<u>High</u>	<u>Low</u>	<u>Average⁽¹⁾</u>	<u>Closing</u>
Year ended June 30				
2008	1.0755	0.9170	1.0755	1.0186
2007	1.1853	1.0580	1.1324	1.0634
2006	1.2432	1.0990	1.1625	1.1150
Six Months ended December 31				
2008	1.3008	0.9975	1.1258	1.2180
2007	1.0830	0.9066	1.0133	0.9913
Canadian dollar per Australian dollar	High	Low	Average⁽¹⁾	Closing
Year ended June 30				
2008	0.9782	0.8389	0.9054	0.9740
2007	0.9474	0.8234	0.8905	0.9029
2006	0.9378	0.8137	0.8691	0.8276
Six Months ended December 31				
2008	0.9822	0.7524	0.8688	0.8550
2007	0.9233	0.8389	0.8790	0.8670

Notes:

(1) Calculated as an average of the daily noon rates for each period.

On March 12, 2009, the Bank of Canada noon spot exchange rate for the purchase of one United States dollar using Canadian dollars was C\$1.2905 (C\$1.00=US\$0.7749).

On March 12, 2009, the Bank of Canada noon spot exchange rate for the purchase of one Australian dollar using Canadian dollars was C\$0.8353 (C\$1.00=A\$1.1972).

On March 12, 2009, the Bank of Canada noon spot exchange rate for the purchase of one Brazilian real using Canadian dollars was C\$0.5546 (C\$1.00=BRL\$1.8031).

THE COMPANY

Overview

Mirabela is an Australian based mineral resource corporation engaged in the exploration, acquisition, development and commercial production of mineral properties. The Ordinary Shares of Mirabela are listed on the TSX and the ASX. The Company's principal asset is the Santa Rita disseminated nickel sulphide project in Bahia state, Brazil (the "**Santa Rita Project**"). The Company also has a portfolio of prospective nickel and other base metal projects in Brazil. The Company's primary objective is to bring the Santa Rita Project into production by mid-2009 and develop new mineral reserves and mineral resources from in-pit, adjacent mineral properties and regional exploration.

Mirabela has three wholly-owned subsidiaries (the "**Subsidiaries**"), Mirabela Mineração do Brasil Ltda. ("**Mirabela Brazil**"), which holds Mirabela's interest in the Santa Rita Project, Mirabela Investments Pty Ltd. ("**MIL**"), which holds the shares of Mirabela Brazil not held by Mirabela, and EGF Nickel Pty Ltd., an exploration company.

Unless the context otherwise requires, references in this short form prospectus to the "Company" or to "Mirabela" are references to Mirabela and the Subsidiaries, together.

Santa Rita Project

The Santa Rita Project is a nickel sulphide development project with both open pit and underground components located approximately 360 kilometers south-west of Salvador and approximately six kilometers from the town of Ipiaú, having a population of 40,000 people. Construction of the Santa Rita Project is 85% complete and production is scheduled to commence mid-2009. The mineral reserve and mineral resource estimates for the Santa Rita deposit are as follows:

Mineral Reserves

<u>Classification</u> ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	<u>ktonnes</u>	<u>Ni (%)</u>	<u>Recovered Ni (%)</u>	<u>Recovered Ni (ktonnes)</u>
Proven	15,049	0.650	0.431	64.9
Probable	105,944	0.593	0.420	445.4
Total	120,993	0.600	0.422	510.3

Notes:

- (1) Based on a nickel price of \$7.00 per pound.
- (2) Numbers may not add up due to rounding.
- (3) Strip ratio of 7.2.
- (4) As of November 2008.

Mineral Resources

<u>Pit</u>	<u>Classification</u>	<u>Mt</u>	<u>Ni (%)</u>	<u>Cu (%)</u>	<u>Co (%)</u>	<u>Pd ppb</u>	<u>Pt ppb</u>	<u>Au ppb</u>
Open Pit ⁽¹⁾⁽²⁾⁽³⁾	Measured	15.1	0.65	0.16	0.017	51	108	65
	Indicated	115.2	0.60	0.16	0.015	43	92	60
	Inferred	19.8	0.60	0.16	0.016	36	86	58
Underground ⁽⁴⁾⁽⁵⁾	Inferred	87.5	0.79	0.23	0.018	65	133	83

Notes

- (1) Based on a weighted average cut-off grade of 0.34% Ni.
- (2) As of September 2008.
- (3) Cut-off grades — 0.30% pyroxenite, 0.35% olivine-orthopyroxenite, 0.45% harzburgite, and 0.50% dunite.
- (4) As of February 2009.
- (5) Based on a cut-off grade of 0.50% Ni.

The estimated capital cost of the Santa Rita Project is US\$434 million excluding sustaining capital and the mining fleet. The following is a summary of the capital cost of the Santa Rita Project:

<u>Area</u>	<u>US\$ (millions)</u>
Plant and Project Infrastructure	
Geology-Geotechnical	8.7
Engineering Consulting	30.5
Management & Technical Support	7.5
Mine/Plant Common Infrastructure	8.1
Equipment Supply	110.0
Materials Supply	34.2
Spares	2.9
Provisional Installations	10.7
Earthworks (inc Tailings Dam)/Civil Works	69.4
Electrical & Mechanical Assembly	46.7
Environment	9.8
Port Facilities	1.4
Personnel & General	17.6
Pre-operational Expenses — First Fills	7.7
Land Acquisition	10.1
Insurance	1.7
Freight	2.6
Materials/Consumables	18.7
Other	1.0
Contingency	6.8
Sub Total	<u>406.1</u>
Mine and Mine Infrastructure	
Pre-strip	17.6
Offices/Workshops	8.6
Minor Equipment	1.7
Sub Total	<u>27.9</u>
Total Project Capital	<u>434.0</u>

Sustaining capital for the processing facility is estimated at US\$36.4 million and US\$35.9 million for the tailings facility, tax and closure. The mining fleet is estimated at US\$245 million over the life of the project.

Based on an exchange rate of BRL\$2.2/US\$ and power costs of BRL\$0.14 per kilowatt hour the operating costs for the Santa Rita Project are estimated as follows:

<u>Item</u>	<u>Cost</u>
Mining (strip ratio 7.2:1)	US\$1.24/t material moved ⁽¹⁾
Process Plant	US\$7.30/t ore
General and administration	US\$1.20/t ore
Transport and logistics	US\$1.65/t ore
Federal (CFEM) and landowner royalties (3%)	US\$1.48/t ore
CBPM royalty (2.51%)	US\$0.74/t ore
Tax on Operating Costs	US\$0.22/t ore

Notes

(1) Includes mining cost component of US\$1.20 per tonne of material moved plus an additional US\$0.04 per tonne of material moved for the cost of contractor mining.

The following is a summary of the key economic parameters for the Santa Rita Project based on the mineral resource and mineral reserve estimates set out above:

<u>Project Economic Summary</u>	<u>Santa Rita Project</u>
Throughput	6.4 million tonnes per annum
Project Life	19.0 years
Pre-tax NPV at a discount rate of 8%	US\$997.7 million
Internal rate of return	35.2%
Payback period	3.1 years
After tax NPV at a discount rate of 8%	US\$731.6 million
Internal rate of return	34.9%
Payback period	3.1 years

Notes

- (1) Assuming a nickel price of US\$7.00/lb for the life of the project.
- (2) Assuming there is no escalation of either commodity prices or costs.
- (3) The NPV discounts the project's cashflow (including 100% of the future capital and operating costs) back to March 2009, after deducting liabilities at March 2009, estimated to be US\$270 million.

Production will commence at a throughput rate of 4.6 million tonnes per annum, increasing to 6.4 million tonnes per annum in August 2010.

The table below sets forth the mine operating cash flows after taxes, based on current reserves, projected to be generated from the Santa Rita Project:

<u>Year⁽¹⁾</u>	<u>Operating Cash Flow (after taxes) (US\$'000)</u>	<u>Year⁽¹⁾</u>	<u>Operating Cash Flow (after taxes) (US\$'000)</u>
2009	(742)	2020	123,878
2010	43,913	2021	110,211
2011	167,185	2022	111,342
2012	198,361	2023	139,385
2013	150,311	2024	108,906
2014	156,895	2025	99,302
2015	143,553	2026	108,529
2016	135,799	2027	150,421
2017	113,250	2028	152,773
2018	92,662	2029	109,484
2019	121,887	2030	—

Notes

- (1) Each year being the 12 month period beginning April 1 and ending March 30.
- (2) Assuming a nickel price of US\$7.00/lb for the life of the project.
- (3) Assuming there is no escalation of either commodity prices or costs.

Financing

Votorantim Offtake and Prepayment Agreement

In July 2008, Mirabela Brazil as seller, Votorantim Metais Niquel S.A. as buyer, and Votorantim Metais Ltda. as guarantor (the guarantor and the buyer are collectively referred to herein as “**Votorantim**”) entered into a concentrate sales agreement (the “**Votorantim Offtake Agreement**”) pursuant to which Votorantim agreed to purchase: (i) 100% of the nickel concentrate produced from the Santa Rita Project from the commencement of production to December 31, 2009 to a maximum of 7,000 dry metric tonnes per month; and (ii) 50% of all production from January 1, 2010 to December 31, 2014 subject to the production being substantially consistent with certain indicative specifications. If at any time Mirabela agrees to construct its own smelter at or near the Santa Rita Project site, it may terminate the Votorantim Offtake Agreement upon 18 months notice to Votorantim, provided however that such termination shall not take effect prior to January 1,

2013 and such termination may not occur until the Votorantim Offtake Prepayment (as defined below) has been repaid.

In connection with the Votorantim Offtake Agreement, Mirabela Brazil as seller, Mirabela as guarantor and Votorantim Metais Niquel S.A. as buyer, entered into an offtake prepayment agreement (the “**Votorantim Prepayment Agreement**”). Under the Votorantim Prepayment Agreement, the buyer agreed to provide the Company with a prepayment term facility in the amount of US\$50 million for the development of the Santa Rita Project (the “**Votorantim Offtake Prepayment**”). The entire US\$50 million Votorantim Offtake Prepayment was drawn down by Mirabela Brazil in August 2008.

The Votorantim Offtake Prepayment bears interest at a rate equal to 110% of the referential average for interbank deposits calculated by the Brazilian Custody and Settlement Chamber. The Votorantim Offtake Prepayment is repayable in monthly instalments of principal and interest commencing September 30, 2009 and ending on November 30, 2013 (unless the Votorantim Offtake Agreement is earlier terminated in which case payment of the balance of the Votorantim Offtake Prepayment is accelerated). Amounts payable under the Votorantim Offtake Prepayment may be satisfied by delivery of nickel concentrate under the Votorantim Offtake Agreement however, in the absence of available product, amounts due under the Votorantim Offtake Prepayment are payable in cash.

By the terms of a subordination deed between, among others, the Company, Mirabela Brazil, Votorantim and Norilsk (as defined below) as junior lenders and Barclays Capital (“**Barclays**”) and Credit Suisse International (“**Credit Suisse**”) as senior lenders (the “**Subordination Deed**”) no repayment of either interest or principal may be made under the Votorantim Offtake Prepayment while the Bridge Loan (as defined below) is outstanding and scheduled payments not made during that period must be paid on the first scheduled repayment date after repayment of the Bridge Loan.

Norilsk Offtake and Loan Agreement

Mirabela Brazil as seller and Norilsk Nickel Harjavalta Oy (“**Norilsk**”) as buyer entered into a concentrate sales agreement dated September 5, 2008 (the “**Norilsk Offtake Agreement**”) pursuant to which Norilsk agreed to purchase: (i) all the nickel concentrate produced from the Santa Rita Project in excess of 35,000 dry metric tonnes in 2009; and (ii) 50% of all production from January 1, 2010 to December 31, 2014, or such later date on which a specified minimum quantity of product is delivered as required under the agreement, subject to a minimum nickel content. If at any time Mirabela Brazil agrees to construct its own smelter at or near the Santa Rita Project site, it may terminate the Norilsk Offtake Agreement upon 18 months notice to Norilsk, provided however that such termination shall not take effect prior to January 1, 2013 and such termination may not occur until the Norilsk Loan Agreement (as defined below) has been repaid.

In September 2008, in connection with the Norilsk Offtake Agreement Mirabela Brazil as borrower, Mirabela as guarantor and Norilsk as lender also entered into an offtake loan agreement (the “**Norilsk Loan Agreement**”) and an offtake loan option agreement (the “**Norilsk Option Agreement**”). Under the Norilsk Loan Agreement, Norilsk provided Mirabela Brazil with a US\$50 million term prepayment facility (the “**Norilsk Offtake Loan**”) for the development of the Santa Rita Project. The entire US\$50 million Norilsk Offtake Loan was drawn down in October 2008.

The Norilsk Offtake Loan bears interest at a rate equal to LIBOR plus 4.5% while the Bridge Loan is outstanding and 3.5% once the Bridge Loan has been repaid. The Norilsk Offtake Loan is repayable in monthly instalments commencing September 30, 2010 and ending on December 31, 2012 (unless the Norilsk Offtake Agreement is earlier terminated in which case payment of the balance of the Norilsk Offtake Loan is accelerated). Amounts payable under the Norilsk Offtake Loan may be satisfied by the delivery of nickel concentrate under the Norilsk Offtake Agreement however, in the absence of such available product, amounts due under the Norilsk Offtake Loan are payable in cash.

However, by the terms of the Subordination Deed, no payments of either principal or interest may be made under the Norilsk Offtake Loan while the Bridge Loan is outstanding and scheduled payments not made during that period must be paid on the first scheduled repayment date after repayment of the Bridge Loan.

Under the Norilsk Option Agreement, Norilsk has the option to convert up to US\$40 million of the Norilsk Offtake Loan into Ordinary Shares at a price of US\$8.00 per share, for a maximum of five million shares.

Bridge Loan

In July 2008, Mirabela Brazil, as borrower, and MIL and Mirabela Nickel Limited, as guarantors, entered into a bridge credit agreement (the “**Bridge Financing Agreement**”) for a term loan of US\$80 million (the “**Bridge Loan**”) with Barclays and Credit Suisse as lenders. The Bridge Loan was entered into for the purpose of funding the development and construction of the Santa Rita Project. The sum of US\$50 million was immediately drawn down while the balance of US\$30 million was subsequently drawn down on October 29, 2008. In connection with the Bridge Loan, the Company issued 750,000 options to each of Barclays and Credit Suisse to purchase Ordinary Shares at an exercise price of A\$7.22 per share, all of which expire on July 7, 2011.

If prior to completion of the Santa Rita Project, more than 35% of the Company’s shares are acquired by a third party, then upon notice, Barclays and Credit Suisse may require the Bridge Loan to be repaid in 90 days.

Pursuant to an amendment and restatement agreement dated November 21, 2008 (the “**First Amendment**”) the maturity date of the Bridge Loan was extended to June 30, 2009. Under the First Amendment, 1,500,000 options were issued to each of Barclays and Credit Suisse exercisable to purchase Ordinary Shares with an exercise price of A\$3.00 per share, all of which expire on July 7, 2013. Additionally, the Company agreed to pay to Barclays and Credit Suisse an extension fee of approximately US\$1.6 million in the aggregate, representing 2% of the outstanding balance of the Bridge Loan at the time of execution of the First Amendment. Pursuant to the First Amendment, interest accrues at a rate of the sum of LIBOR and a margin of: (i) 5% per annum for the period from November 21, 2008 to December 31, 2008; (ii) 7% per annum for the period from January 1, 2009 to March 31, 2009; and (iii) 8% per annum for the period from April 1, 2009 to June 30, 2009. As at the date hereof, the fee of US\$1.6 million remains outstanding and is to be paid from the proceeds of the Revised Senior Loan (as defined below).

The First Amendment provides that if syndication of the Senior Loan has not commenced by March 31, 2009, Barclays and Credit Suisse may declare the Bridge Loan and accrued interest and all other amounts owing under the associated finance documents due and payable within five business days of notice to that effect.

By execution of the Senior Loan Commitment (as defined below), management believes that the requirement that the Senior Loan be syndicated by March 31, 2009 has been superceded by a requirement that the Amended Senior Loan Agreement be entered into by that date.

The Company is required to repay the Bridge Loan from the proceeds of the Revised Senior Loan. See “*Use of Proceeds*” and “*Risk Factors — Revised Senior Loan not Available*”.

Senior Loan

Mirabela Brazil, as borrower, and the Company and MIL, as obligors, entered into a credit facility agreement dated September 11, 2008 with Barclays Bank plc and Credit Suisse as original lenders, Barclays and Credit Suisse, as joint mandated lead arrangers, Deutsche Bank Trust Company Americas, as facility agent and offshore security agent, Barclays Bank plc, as technical agent, and Deutsche Bank S.A.- Banco Alemão, as onshore security agent (the “**Senior Loan Agreement**”) in respect of a non-revolving loan in the aggregate principal amount of US\$280 million (the “**Senior Loan**”). The Senior Loan has not been syndicated as originally contemplated, a condition precedent to funding, and as a result no amounts have been, or may be, drawn thereunder.

Revised Senior Loan

In February and March 2009, the Company received commitments from each of Barclays, Credit Suisse, WestLB AG and Caterpillar Financial SARL, as mandated lead arrangers, and Barclays Bank plc, Credit Suisse, WestLB AG, Caterpillar Financial Services Corporation and Bayerische Hypo-und Vereinsbank AG as lenders (collectively, the “**Lenders**”) for a non-revolving loan in the aggregate principal amount of US\$190 million (the “**Revised Senior Loan**”), to replace the Senior Loan. The commitments are documented in a letter

agreement and accession letter thereto between each of the Lenders and the Company dated March 2, 2009 and March 6, 2009, respectively (together the “**Senior Loan Commitment**”).

The Senior Loan Commitment contains the following material terms:

- (a) the Revised Senior Loan is subject to: (i) execution of the Amended Senior Loan Agreement (as defined below), intercreditor agreement and related documents by no later than March 31, 2009; (ii) compliance by the Company with the terms (including the representation and warranties) of the Amended Senior Loan Agreement and related documents; (iii) completion of due diligence by the Lenders (and to the satisfaction of the Lenders); (iv) the deposit into escrow by no later than March 20, 2009 of net proceeds in an amount of not less than US\$95 million derived from the completion of an issue of equity securities by the Company and the release of those funds from escrow by no later than March 31, 2009; (v) there being no defaults, or events of default outstanding under any credit or finance agreement to which the Company is a party; and (vi) the absence of any event which in the opinion of the Lenders could adversely affect the Company;
- (b) syndication of the Revised Senior Loan is to be completed as soon as practicable after funding (as such, syndication is not a condition precedent to funding of the Revised Senior Loan);
- (c) from the date of the Senior Loan Commitment to the date of “successful syndication” (defined in the Senior Loan Commitment as a reduction by each Lender of its commitment by at least 25%), the Company shall not raise or attempt to raise any other debt financing in the international or relevant domestic syndicated loan, debt, bank, capital or equity markets without the prior written consent of each of the mandated lead arrangers and each of the Lenders; and
- (d) from the date of the Senior Loan Commitment to the date of “successful syndication”, any two of Barclays Bank plc, Credit Suisse and WestLB AG, as exclusive bookrunners, may, after consultation with the Company change: (i) the pricing of the Revised Senior Loan; or (ii) the structural terms of the Revised Senior Loan, in each case, as needed to achieve “successful syndication”.

Pursuant to paragraph (d) above there can be no assurance that the terms of the Revised Senior Loan will not be revised after initial funding in order to achieve “successful syndication”, in a manner that is adverse to the Company. See “*Risk Factors — Changes to the Terms of the Revised Senior Loan*”.

The Revised Senior Loan will be made pursuant to a project facility agreement which is anticipated to be an amended and restated version of the Senior Loan Agreement (the “**Amended Senior Loan Agreement**”). It is anticipated that the Amended Senior Loan Agreement will contain the following material terms:

- (a) the Revised Senior Loan will accrue interest on a cost of funds basis plus a margin of 5.75% per annum prior to completion of the Santa Rita Project and 5.25% per annum thereafter calculated as the weighted average of cost of funds for each Lender however the cost of funds will revert to LIBOR in certain circumstances;
- (b) a commitment fee payable on the undrawn amount of the Revised Senior Loan and a one time commitment fee based on the aggregate principal amount of the Revised Senior Loan;
- (c) the Revised Senior Loan is to be repaid by way of 11 installments every six months starting March 31, 2011 and ending March 31, 2016. If, however, prior to the completion of the Santa Rita Project, more than 35% of the Company’s shares are acquired by a third party, then, upon notice, a majority of the Lenders can require the Revised Senior Loan to be repaid in 90 days;
- (d) the obligations under the Revised Senior Loan and any hedging agreements entered into with the Lenders are to be secured by, among other things:
 - (i) an English law security agreement between Mirabela Brazil and Deutsche Bank Trust Company Americas, as offshore security agent, wherein Mirabela Brazil assigns and grants security over certain of its assets (the “**Security Agreement**”);
 - (ii) a fiduciary assignment agreement between Mirabela Brazil and the onshore security agent providing for the fiduciary assignment of Mirabela Brazil’s present and future rights over, amongst

- others, certain assets used in the Santa Rita Project, against counterparts of any hedging agreement, and against an onshore account bank relating to an onshore proceeds account, as provided for in an accounts agreement (the “**Fiduciary Assignment of Rights**”);
- (iii) a fiduciary assignment agreement between Mirabela Brazil and the onshore security agent providing for the fiduciary assignment of Mirabela Brazil’s present and future rights arising from the Santa Rita Lease Agreement (as defined herein) (the “**Fiduciary Assignment of Rights from Mining Rights Agreement**”);
 - (iv) a quota pledge agreement between Mirabela Brazil, the Company and MIL, as shareholders, and the Onshore Security Agent providing for, amongst others, a pledge to the Onshore Security Agent of all present and future quotas issued, and to be issued, by Mirabela Brazil and subscribed for by the shareholders (the “**Quota Pledge Agreement**”);
 - (v) a mortgage deed over certain real property of Mirabela Brazil (the “**Mortgage Deed**”);
 - (vi) an account control agreement from Mirabela Brazil with respect to certain offshore accounts;
 - (vii) a completion guarantee from the Company; and
 - (viii) an assignment of each hedging agreement entered into with the Lenders; effectively resulting in a security interest in all (or substantially all) of Mirabela’s assets;
- (e) there will be certain restrictions on the Company’s future hedging activities including that:
- (i) all hedging agreements be with a party to the Amended Senior Loan Agreement which has acceded to an intercreditor agreement as a hedging bank;
 - (ii) the total amount of nickel metal hedged does not exceed more than 37,500 tonnes at any time, with no less than 5,000 tonnes of this maximum subject to hedging with a term of four months or less;
 - (iii) the total amount of copper metal hedged does not exceed more than 9,000 tonnes at any time;
 - (iv) no more than 70% of product from the Santa Rita Project be hedged at any one time;
 - (v) currency hedging agreements cannot, in the aggregate, be greater than the lesser of: (i) the Brazilian reais equivalent of US\$300 million; and (ii) the total projected amount of permitted payments expressed in Brazilian reais (in any one period) as set out in the most recent financial model; and
 - (vi) the aggregate notional principal amount of all interest rate hedging transactions does not exceed the aggregate amount of the Revised Senior Loan then outstanding;
- (f) the Amended Senior Loan Agreement will contain standard covenants which are similar to those found in arms length secured financings of this nature including:
- (i) completion of the Santa Rita Project (measured as against the completion test to be set out in the Amended Senior Loan Agreement) by September 30, 2011;
 - (ii) restrictions on incurring indebtedness, granting or allowing liens to exist on its assets, selling or otherwise disposing of assets, making distributions or payments, amalgamating or entering into any other corporate reorganization, making investments and entering into transactions with affiliates;
 - (iii) the Company and MIL maintaining a 100% ownership interest in Mirabela Brazil prior to the completion of the Santa Rita Project;
 - (iv) the Company maintaining at least 51% ownership interest in Mirabela Brazil after completion of the Santa Rita Project;

- (v) entering into a port agreement for the purpose of handling and loading product for shipment to any offtaker located outside of Brazil, or evidence satisfactory that such port agreement is unnecessary;
 - (vi) the Company maintaining offtake agreements on terms acceptable to the facility agent in respect of at least 70% of targeted productions from the Santa Rita Project;
 - (vii) debt service ratio of at least 1.10 to 1;
 - (viii) reserve tail ratio of at least 0.25 to 1;
 - (ix) loan life cover ratio of at least 1.25 to 1;
 - (x) the Company not allowing its tangible net worth to be less than A\$200 million prior to completion of the Santa Rita Project for any continuous period of 21 days or more; and
- (g) events of default under the Amended Senior Loan Agreement, will include, without limitation, failure to make payments when due, non-compliance with covenants, breaches of representations and warranties, bankruptcy or insolvency proceedings, a change in control of Mirabela Brazil, the Company at any time ceasing to be a shareholder of Mirabela Brazil, the occurrence of a material adverse change, material adverse effect due to certain authorizations not being obtained, or revoked or varied, termination of material project documents, failure to complete the Santa Rita Project by September 30, 2011, abandonment of the Santa Rita Project, any nationalization, seizure, condemnation or expropriation of the Santa Rita Project facilities or any equity interests therein, the aggregate credit balance in the export proceeds debt service reserve account and the non-export proceeds debt service reserve account being less than the required debt service reserve account balance for a consecutive period of 120 days and a termination event occurring under a hedging agreement.

The conditions precedent to the advance of funds under the Revised Senior Loan are anticipated to be customary for project financings of this nature and shall likely include the Lenders receiving:

- (a) security documents (registered where necessary), corporate documents and legal opinions;
- (b) material project contracts, insurance policies, permits and licences, financial statements;
- (c) financial model, mine plan, environmental assessments, independent engineer's report, tax report; and
- (d) the deposit into escrow by no later than March 20, 2009 of net proceeds in an amount of not less than US\$133 million (or US\$95 million if HVB becomes a party to the Senior Loan Commitment) derived from the completion of an issue of equity securities by the Company, and the release of those funds from escrow by no later than March 31, 2009.

The parties have agreed that funding will not be conditional upon syndication including "successful syndication" within the meaning of the Senior Loan Commitment.

There can be no assurance that the Amended Senior Loan Agreement will be entered into on the terms set out herein or that such terms will not be revised in a manner that is adverse to the Company "*See Risk Factors — Changes to the Terms of the Revised Senior Loan*".

Equipment Fleet Financing

Mirabela Brazil, as lessor and Mirabela as guarantor, entered into a commitment letter (the "**Leasing Commitment**") dated February 24, 2009 with Caterpillar Financial SARL as arranger and Caterpillar Financial Services Corporation as lender (together with the arranger, "**Caterpillar Financial**") pursuant to which Caterpillar Financial agreed to extend a master funding and lease facility in the principal amount of not more than US\$55 million (the "**Leasing Facility**") for the purpose of lease financing up to 90% of the price of mobile equipment purchased by Mirabela Brazil from Marcosa SA and Sotreq SA, Brazil.

The Leasing Commitment is binding until the earlier of: (i) the execution of master lease documentation, a guarantee agreement and an equipment undertaking agreement (collectively the "**Facility Documents**"); and (ii) June 30, 2009.

Mirabela Brazil must pay an upfront fee (the “**Upfront Fee**”) to Caterpillar Financial based on the aggregate principal amount of the Leasing Facility on the earlier of (i) the first draw down of the Revised Senior Loan; and (ii) June 30, 2009. However, upon termination of the Leasing Commitment by Caterpillar Financial, the Company shall be required to pay only 50% of the Upfront Fee.

Caterpillar Financial may terminate the Leasing Commitment at any time prior to execution of the Facility Documents if, in the opinion of Caterpillar Financial, any event or circumstance occurs which has adversely affected, or could adversely affect, the financial condition of the Company or its ability to perform its obligations under any of the Facility Documents.

If made, the Leasing Facility will have the following material terms:

- (a) the Leasing Facility will be available in two tranches, Tranche A for US\$38 million and Tranche B for US\$17 million;
- (b) the Leasing Facility will bear interest at a rate equal to the three month LIBOR plus an initial margin of 6.06% (the “**Initial Margin**”). The Initial Margin will be adjusted at each drawdown date to reflect changes in Caterpillar Financial’s cost of funds. The Initial Margin as adjusted from time to time is the “**Applicable Margin**”.
- (c) upon the occurrence of an event that, in Caterpillar Financial’s reasonable judgment, has increased or could reasonably be expected to result in an increase in Caterpillar Financial’s borrowing costs, the rate of interest payable under the Leasing Facility will increase by an amount calculated by Caterpillar Financial that will compensate it for the increase in those borrowing costs;
- (d) Mirabela Brazil will make quarterly lease payments at the Applicable Margin plus the three month LIBOR;
- (e) in addition to the Upfront Fee, a commitment fee of 0.75% per annum is payable quarterly, during the Availability Period (as defined below), on the undrawn portion of each tranche of the Leasing Facility;
- (f) each tranche of the Leasing Facility will be available for a period of 24 consecutive months until fully drawn commencing on the date all of the conditions precedent thereto are satisfied (in each case, the “**Availability Period**”);
- (g) each lease will have a term of approximately five years and lease payments will be made quarterly; and
- (h) covenants, conditions precedent and events of default similar to those found in asset-based financings of this nature and, wherever possible, conforming to the covenant language of the Amended Senior Loan Agreement.

Caterpillar Financial intends to syndicate up to US\$30 million of the Leasing Facility. In that regard, Caterpillar Financial is entitled to make changes to the pricing and the structure of the Leasing Facility, subject to limitations to be determined among the parties, if it determines that such changes are advisable or necessary in order to ensure a successful primary syndication of the Leasing Facility. The changes however will not apply to the remaining US\$25 million of the Leasing Facility which is not to be syndicated.

As a result, there can be no assurance that the terms of the Leasing Facility will not be revised in order to achieve successful primary syndication, in a manner that is adverse to the Company.

Hedging Arrangements

Mirabela Brazil has entered into hedging arrangements for the purposes of managing the financial risks associated with fluctuations in foreign currencies and commodity prices. Specifically, Mirabela Brazil is party to:

- (a) a global derivatives contract with each of Credit Suisse Proprio Fundo De Investimento Multimercado and Barclays Fundo De Investimento Multimercado (the “**CGM Hedging Counterparties**”); and
 - (b) an ISDA Master Agreement with Credit Suisse (the “**ISDA Hedging Counterparty**” and together with the CGM Hedging Counterparties, the “**Hedging Counterparties**”),
- (collectively, the “**Hedging Arrangements**”).

Pursuant to the Hedging Arrangements and in accordance with the Bridge Loan and Senior Loan, Mirabela Brazil has entered into the following metal forward sales contracts:

- (a) metal forward contracts to sell approximately 17,000 tonnes of nickel at an average price of US\$8.00/lb for July 2010 to March 2014; and
- (b) metal forward contracts to sell approximately 9,000 tonnes of copper at an average price of US\$2.73/lb for April 2011 to March 2015.

The positive mark-to-market value of these forward sales contracts was US\$102 million, as at December 31, 2008.

Pursuant to the Hedging Arrangements and in accordance with the Bridge Loan and Senior Loan, Mirabela Brazil has entered foreign exchange forward contracts to sell US\$304 million and buy Brazilian reais between December 2008 and July 2013 consisting, in part of the following

- (a) foreign exchange forward contracts to sell US\$119 million and buy Brazilian reais at an average Brazilian reais/US Dollar exchange rate of 2.14 over the period January 2010 to July 2013 having a negative mark-to-market of US\$27 million as at December 31, 2008; and
- (b) foreign exchange forward contracts to sell US\$185 million and buy Brazilian reais at an average Brazilian reais/US Dollar exchange rate of 1.86 maturing over the period ending June 30, 2009 having a negative mark-to-market of US\$39 million as at December 31, 2008.

Trades for a total US\$128.5 million of the foregoing have matured as of March 2, 2009 for which the Company has an aggregate crystallized liability of BRL\$58.57 million (US\$25.31 million) owing to Barclays and Credit Suisse each of which has agreed to defer payment pending completion of the Offering.

Security

Each of the Votorantim Offtake Prepayment, the Bridge Facility, and the Norilsk Offtake Loan are, and the Revised Senior Loan and the Hedging Arrangements will be, secured by the Quota Pledge Agreement, the Fiduciary Assignment of Rights, Fiduciary Assignment of Rights from Mining Rights Agreement, Mortgage Deed and the Security Agreement. See "*Revised Senior Loan*". Each of the aforementioned loans are guaranteed by the Company. Pursuant to the Subordination Deed the rights of Votorantim and Norilsk are subordinated to the Lenders under the Bridge Loan, and will be subordinated, to the Lenders and the Hedging Counterparties to those of the Lenders. In addition, if the Leasing Facility is made available to the Company, it will be subject to agreement by the Lenders that Caterpillar Financial has first ranking security over the equipment purchased with the proceeds of the Leasing Facility.

CONSOLIDATED CAPITALIZATION

Since December 31, 2008, the Company has entered into the Senior Loan Commitment and the Leasing Commitment. The Revised Senior Loan, if made, will increase the Company's long term debt by US\$190 million and will decrease the Company's short term debt by US\$80 million upon repayment of the Bridge Loan. See "Use of Proceeds". If made, the Leasing Facility will increase the Company's current and long term debt by US\$38 million in respect of Tranche A and US\$17 million in respect of Tranche B.

Other than as set out above, there have been no material changes in the Company's share or loan capital, on a consolidated basis, since December 31, 2008. The following table sets forth the consolidated capitalization of the Company as at the dates indicated before and after completion of the Offering, the Concurrent Private Placement, the Revised Senior Loan and the Leasing Facility. This table should be read in conjunction with the consolidated financial statements of the Company (including the notes thereto) incorporated by reference into this short form prospectus.

	(A\$'000)		
	Outstanding as at June 30, 2008	Outstanding ⁽¹⁾ as at December 31, 2008	Outstanding as at December 31, 2008 after giving effect to the Offering, the Revised Senior Loan, the Leasing Facility and the Concurrent Private Placement ⁽²⁾
	(Audited)	(Unaudited)	(Pro Forma)
Long Term Debt	\$ NIL	\$ 120,964	\$ 478,174
Ordinary Shares ⁽³⁾ (authorized: unlimited)	129,781,100	129,791,100 ⁽⁴⁾	282,191,100
Shareholder Equity	\$ 268,971	\$ 268,236	\$ 437,496
Retained Earnings (Deficit) and Reserves	\$ 24,268	\$ 6,737	\$ 6,737
TOTAL CAPITALIZATION	\$ 293,239	\$ 274,973	\$ 444,233

Notes:

- (1) Before giving effect to the Offering, the Revised Senior Loan, the Leasing Facility and the Concurrent Private Placement.
- (2) After deducting expenses of the Offering estimated to be C\$1,500,000, the Underwriters' Commission, the Work Fee and the Placement Commission.
- (3) Not including shares issuable upon exercise of options which remained unexercised on June 30, 2008 and December 31, 2008, respectively. Assuming the Release Conditions are satisfied and all of the Subscription Receipts are converted into Ordinary Shares.
- (4) 10,000 shares were issued subsequent to June 30, 2008 on the exercise of options.

USE OF PROCEEDS

Upon closing of the Offering, the Escrowed Funds will be held by the Escrow Agent and invested in short-term obligations of, or guaranteed by, the Government of Canada (and other approved investments), pending satisfaction of the Release Conditions. The proceeds of the Concurrent Private Placement will not be held in escrow however, the Concurrent Private Placement is to be completed, and the proceeds thereof are to be received by the Company, concurrently with the release of the Escrowed Funds to the Company upon satisfaction of the Release Conditions. See "Description of Securities Being Distributed".

The gross proceeds to the Company of the Offering are expected to be C\$120,000,000. The net proceeds of the Offering to the Company (determined after deducting the Underwriters' Commission of C\$6 million, the Work Fee of approximately C\$324,000 and estimated expenses of approximately C\$1,500,000) are expected to be C\$112,176,000 (approximately US\$87 million).

The gross proceeds to the Company of the Concurrent Private Placement are expected to be up to approximately C\$32.4 million. The net proceeds of the Concurrent Private Placement to the Company (determined after deducting the Placement Commission of approximately C\$1,620,000) are expected to be up to approximately C\$30,780,000 (approximately US\$24 million).

It is a Release Condition that the Amended Senior Loan Agreement (on substantially the same terms as set out in this short form prospectus) be executed by each party thereto and that all conditions precedent thereto be satisfied (other than those which in the opinion of the Company are of an administrative or routine nature).

Assuming all conditions precedent to the advance of funds under the Amended Senior Loan Agreement are ultimately satisfied or waived, the Company will also have available to it the aggregate principal sum of US\$190 million (C\$245 million). See “*The Company — Financing — Revised Senior Loan*”. By its terms, the Revised Senior Loan must first be applied against the Bridge Loan, the proceeds of which were used for construction of the Santa Rita Project. See “*The Company — Financing — Bridge Loan*”.

As at February 28, 2009 the Company had a net working capital deficit of A\$122.8 million (approximately US\$79 million) consisting of cash of A\$1.5 million and trade receivables of A\$1.8 million, less trade and other payables of A\$126.1 million. In addition, the Company has current obligations under hedge arrangements, tax liabilities and indebtedness under the Bridge Loan of A\$195 million.

The current capital cost estimate for the Santa Rita Project is US\$434 million. Construction of the 6.4 million tonne per annum project is 85% complete and approximately US\$395 million has been spent to date, approximately US\$76 million of which is represented by the currently outstanding trade and other payables, leaving a balance of US\$39 million required to complete the construction and commissioning of the Santa Rita Project.

The terms of the Senior Loan Agreement require, and it is anticipated that the terms of the Amended Senior Loan Agreement will also require, the Company to deposit, using the proceeds from the first drawdown of the Revised Senior Loan, the sum of US\$25 million into a contingent support account to finance cost overruns at the Santa Rita Project.

As a result, the proceeds of the Revised Senior Loan and the net proceeds from the sale of the Subscription Receipts and the Concurrent Private Placement will be used by the Company as follows:

	<u>US\$('000)</u>
Repayment of Bridge Loan ⁽¹⁾	US\$81 million
Working capital deficit	US\$79 million
Completion of the Santa Rita Project ⁽²⁾	US\$39 million
Mining equipment ⁽³⁾	US\$20 million
Financing costs ⁽⁴⁾	US\$24 million
Contingent Support Account	US\$25 million
Tax and other provisions	US\$5 million
Ramp-up contingency ⁽⁵⁾	US\$20 million
Working capital	<u>US\$8 million</u>
Total:	<u><u>US\$301 million⁽⁶⁾</u></u>

Notes:

- (1) Including interest accrued to February 28, 2009.
- (2) Consisting of costs for plant and infrastructure to commissioning, expansion of the processing plant to 6.4 million tonnes per annum and commissioning and ramp-up.
- (3) Consisting of the cost of the initial mining fleet (US\$50 million) less the proceeds of Tranche A of the Leasing Facility (US\$38 million) plus principal, interest and other charges payable under the Leasing Facility until June 2010 when the Santa Rita Project is expected to become cash-flow positive. See “*Equipment Fleet Financing*”.
- (4) Consisting of (i) fees, interest and other charges payable under the Revised Senior Loan until June 2010 when the Santa Rita Project is expected to become cash-flow positive; and (ii) interest on the Bridge Loan after February 28, 2009 to its expected repayment from the proceeds of the Revised Senior Loan.
- (5) For unanticipated delays in start-up, as a result of which the Company may be unable to finance its day-to-day operations and satisfy its debt obligations from production revenue.
- (6) C\$388.4 million, assuming exchange of the net proceeds of the Offering at an exchange rate of US\$1.00 = C\$1.2905 (the noon buying rate reported by the Bank of Canada on March 12, 2009).

Any unallocated funds from the net proceeds of the Revised Senior Loan, the Offering and the Concurrent Private Placement will be added to the general working capital of the Company.

Although Mirabela intends to expend the proceeds from the Revised Senior Loan, the Offering and the Concurrent Private Placement as set out in the above table, the actual allocation of the net proceeds may vary from that set out above, depending on future developments in Mirabela’s mineral properties or unforeseen events.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

The Offering consists of 120 million Subscription Receipts at a price of \$1.00 per Subscription Receipt. Each Subscription Receipt will entitle the holder to receive, without payment of additional consideration or further action, one Ordinary Share upon satisfaction of the Release Conditions.

Subscription Receipts

The following summary of the material attributes and characteristics of the Subscription Receipts does not include a description of all of the terms of the Subscription Receipts, and reference should be made to the Subscription Receipt Agreement (as defined herein) for a complete description of the terms of the Subscription Receipts.

The Subscription Receipts will be issued on the Closing Date pursuant to a subscription receipt agreement to be entered into on the Closing Date of the Offering between the Company, GMP (on behalf of the Underwriters) and the Escrow Agent (the “**Subscription Receipt Agreement**”). The Escrowed Proceeds will be delivered to and held by the Escrow Agent and invested in short-term obligations of, or guaranteed by, the Government of Canada (and other approved investments) pending satisfaction of the Release Conditions. Provided that the Release Conditions are satisfied on or before the Release Deadline, upon such occurrence the Escrowed Funds, less the Underwriters’ Commission which shall be paid to the Underwriters, will be released to the Company and holders of Subscription Receipts will receive, without payment of additional consideration or further action, one Ordinary Share for each Subscription Receipt held.

In connection with the satisfaction of the Release Conditions, the Escrow Agent will release the Escrow Funds to the Company (less the Underwriters’ Commission which shall be paid to the Underwriters) upon: (i) an irrevocable direction of the Company to Equity Transfer and Trust Company (in its capacity as Canadian registrar and transfer agent of the Ordinary Shares) to issue the Ordinary Shares to holders of record of Subscription Receipts as at the date and time that the Release Conditions are satisfied; and (ii) a notice from the Company and GMP, on behalf of the Underwriters, to the Escrow Agent, confirming that the Release Conditions have been satisfied. The Company shall issue a press release setting out the date the Release Conditions are satisfied. The Subscription Receipt Agreement will contain a covenant of the Company to use commercially reasonable efforts to satisfy the Release Conditions by the Release Deadline. In the event that the Concurrent Private Placement is terminated, the Company may, but is not obligated to, arrange alternative equity financing on the same or more favourable terms as the Concurrent Private Placement.

In the event that the Release Conditions are not satisfied by the Release Deadline or if prior to such time, the Company advises the Underwriters or announces to the public that it does not intend to satisfy one or more of the Release Conditions, the Escrow Agent and the Company will return to holders of Subscription Receipts, on the Termination Date, an amount equal to the aggregate Offering Price of the Subscription Receipts held by them and their *pro rata* share of interest (net of any applicable withholding tax) earned on the Escrowed Proceeds. The Company will be responsible and liable to the holders of Subscription Receipts for any shortfall between the aggregate Offering Price and the Escrowed Funds.

Holders of Subscription Receipts will not have any voting or pre-emptive rights or other rights as shareholders of the Company and will not be entitled to receive any dividends of the Company in respect of such Subscription Receipts prior to the issuance of Ordinary Shares upon conversion of such Subscription Receipts, if at all. Additionally in the Subscription Receipt Agreement, the Company will covenant in favour of the Escrow Agent and GMP (on behalf of the Underwriters), that, from the Closing Date to the Termination Date, it will not do any of the following: (i) distribute any assets or issue any securities or evidences of indebtedness of the Company or any other entity, to holders of all or substantially all of the outstanding Ordinary Shares by way of dividend or otherwise; or (ii) reclassify the Ordinary Shares or undertake a reorganization of the Company or a consolidation, amalgamation, arrangement or merger of the Company with any other person or other entity or a liquidation, dissolution or winding-up of the Company.

The Subscription Receipt Agreement will also provide for, and contain provisions for, adjustment to the amount and kind of securities or other properties issuable upon exercise of the Subscription Receipts if there is: (a) any subdivision, consolidation or change of the Ordinary Shares; (b) any consolidation, amalgamation, arrangement or other business combination of the Company resulting in any reclassification or change of the

Ordinary Shares into other shares; or (c) any sale, lease, exchange or transfer of all or substantially all of the Company's assets to another entity, pursuant to which each holder of a Subscription Receipt which is thereafter converted shall receive, in lieu of Ordinary Shares, the kind and number or amount of other securities or property which such holder would have been entitled to receive as a result of such event if such Subscription Receipt had been converted prior to the event.

From time to time while the Subscription Receipts are outstanding, the Company, GMP and the Escrow Agent, without the consent of the holders of the Subscription Receipts, may amend or supplement the Subscription Receipt Agreement for certain purposes, including making any change that, in the opinion of the Escrow Agent, does not prejudice the rights of the holders of the Subscription Receipts. The Subscription Receipt Agreement will provide for other modifications and alterations thereto and to the Subscription Receipts issued thereunder by way of a resolution approved by more than 66% of the votes cast in person or by proxy by Subscription Receipt holders.

The Company may from time to time purchase, by private contract or otherwise, any of the Subscription Receipts.

Ordinary Shares

Subject to certain prescribed exceptions, under the Australian *Corporations Act 2001* (Cth) and its constitution, the Company is authorized to issue an unlimited number of Ordinary Shares. At the date of this short form prospectus, Mirabela has an aggregate of 129,791,100 fully paid Ordinary Shares issued and outstanding. No other shares in the capital of Mirabela of any other classes are issued or outstanding.

The holders of Mirabela's Ordinary Shares are entitled:

- (a) to vote at all meetings of shareholders of Mirabela;
- (b) to receive, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of Mirabela, any dividends declared by Mirabela; and
- (c) to receive, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of Mirabela, the remaining property of Mirabela upon the liquidation, dissolution or winding-up of Mirabela, whether voluntary or involuntary.

Under the ASX listing rules, a company must not, subject to certain exceptions, issue during any 12 month period any equity securities or other securities with rights of conversion to equity (such as an option) if the number of securities exceed 15% of the total ordinary securities on issue at the commencement of that 12 month period. One of the aforementioned exceptions is an issue of securities which is approved in advance by the shareholders at a general meeting or an issue that is subsequently approved by shareholders at a general meeting.

As of the date of this short form prospectus the Company does not have sufficient capacity under this 15% limit to issue the Ordinary Shares issuable upon exercise of the Subscription Receipts. Accordingly, a meeting of Mirabela's shareholders will be held on March 19, 2009, at which the shareholders will vote on a resolution to approve the issuance of up to 120 million Ordinary Shares pursuant to the Offering (the "**Shareholder Approval**"). The resolution to be presented to the Company's shareholders in this regard must be passed by a simple majority of the votes cast thereon, either in person or by proxy. Pursuant to the terms of the Underwriting Agreement, the Company has agreed to use commercially reasonable efforts to satisfy the Escrow Release Conditions, including obtaining Shareholder Approval, by the Release Deadline.

If Shareholder Approval is not obtained or one of the other Release Conditions is not satisfied, the Ordinary Shares issuable upon the exercise of the Subscription Receipts will not be issued. The Escrow Agent and the Company will repay to the holders of the Subscription Receipts an amount equal to the aggregate Offering Price of the Subscription Receipts plus a *pro rata* share of the interest earned on the Escrowed Proceeds. The Company shall be responsible and liable to the purchasers for any shortfall between the aggregate Offering Price and the Escrowed Funds.

In addition to the Shareholder Approval, there are additional Release Conditions that must be satisfied before the Ordinary Shares underlying the Subscription Receipts can be issued. See "*Plan of Distribution*".

The Ordinary Shares do not carry any pre-emptive, redemption, retraction, purchase for cancellation or surrender, conversion or exchange rights, nor do they contain any sinking fund or purchase fund provisions.

PRIOR SALES

The following table summarizes the sales of Ordinary Shares and securities convertible into Ordinary Shares by the Company within the 12 months prior to the date of this short form prospectus.

<u>Date Issued</u>	<u>Number of Securities</u>	<u>Security</u>	<u>Price per Security</u>
May 12, 2008	5,000 ⁽¹⁾	Ordinary Shares	A\$0.95
May 20, 2008	2,000,000 ⁽¹⁾	Ordinary Shares	A\$0.20
July 8, 2008	1,500,000 ⁽²⁾	Stock Option	A\$7.22
August 12, 2008	3,000 ⁽¹⁾	Ordinary Shares	A\$0.95
September 9, 2008	5,000,000 ⁽³⁾	Stock Option	US\$8.00
September 24, 2008	7,000 ⁽¹⁾	Ordinary Shares	A\$0.95
November 24, 2008	3,000,000 ⁽⁴⁾	Stock Option	A\$3.00
December 2, 2008	650,000 ⁽⁵⁾	Stock Option	A\$6.20

Notes:

- (1) Issued upon exercise of stock options.
- (2) Issued in connection with entering into the Bridge Financing Agreement, expiring July 7, 2011.
- (3) Issued in connection with the Norilsk Option Agreement.
- (4) Issued in connection with entering into the First Amendment, expiring July 7, 2013.
- (5) Consisting of 350,000 options granted April 17, 2008 and 300,000 options granted November 13, 2008, the option certificates for which were issued on December 2, 2008.

TRADING PRICE AND VOLUME

Set forth below are the volume, high and low prices of the Ordinary Shares of the Company on the TSX for each of the twelve months before the date of this short form prospectus.

<u>Period</u>	<u>High (C\$)</u>	<u>Low (C\$)</u>	<u>Volume</u>
February 2008	\$6.10	\$4.40	3,576,622
March 2008	\$6.26	\$4.88	6,226,438
April 2008	\$6.48	\$5.40	5,784,899
May 2008	\$7.50	\$6.10	6,083,929
June 2008	\$6.75	\$5.70	6,952,822
July 2008	\$6.01	\$3.90	4,476,800
August 2008	\$4.97	\$4.11	5,953,200
September 2008	\$4.50	\$2.75	11,732,300
October 2008	\$3.95	\$0.80	13,171,500
November 2008	\$1.60	\$0.78	6,713,600
December 2008	\$0.85	\$0.43	6,569,000
January 2009	\$1.40	\$0.67	7,586,300
February 2009	\$1.91	\$0.99	8,357,200
March 2 to 12, 2009	\$1.30	\$0.87	2,483,900

Set forth below are the volume, high and low prices of the Ordinary Shares of the Company on the ASX for each of the twelve months before the date of this short form prospectus.

<u>Period</u>	<u>High (A\$)</u>	<u>Low (A\$)</u>	<u>Volume</u>
February 2008	\$6.50	\$5.19	1,214,266
March 2008	\$6.81	\$5.50	1,761,718
April 2008	\$6.76	\$5.96	1,099,199
May 2008	\$7.95	\$6.44	4,207,164
June 2008	\$7.00	\$6.00	3,258,976
July 2008	\$6.34	\$3.87	4,005,300
August 2008	\$5.49	\$4.48	3,643,900
September 2008	\$5.14	\$3.60	6,947,200
October 2008	\$4.59	\$1.15	5,622,300
November 2008	\$1.97	\$1.05	2,167,400
December 2008	\$1.25	\$0.66	2,646,000
January 2009	\$1.70	\$0.87	2,521,900
February 2009	\$2.15	\$1.39	1,701,500
March 2 to 12, 2009	\$1.43	\$1.03	2,260,281

THE SANTA RITA PROJECT

The information in this section is based on the technical report for the Santa Rita Project, Bahia, Brazil (the “**Technical Report**”) dated February 2009 prepared by: Brett Gossage, senior principal, Coffey Mining Pty Ltd (“**Coffey Mining**”); Carlos Guzman, director, NCL Brasil Ltda; Rod Smith, principal, Coffey Mining; and Nigel Spicer, senior principal, Coffey Mining, each of whom is a “Qualified Person” and “independent” as such terms are defined in National Instrument 43-101 — *Standards of Disclosure for Mineral Projects* (“**NI 43-101**”).

The Technical Report has been filed with the securities regulatory authorities in all of the provinces of Canada, other than Québec. Portions of the following information are based on assumptions, qualifications and procedures which are not fully described herein. Reference should be made to the full text of the Technical Report which is available for review under the Company’s profile at www.sedar.com.

For an explanation of certain technical terms used in this short form prospectus, please see “*Glossary of Technical Terms*” beginning on page A-1 of this short form prospectus.

Project Description and Location

Location

The Santa Rita Project is located in the south-east of the Bahia state, Brazil, situated 360 kilometers south west of Salvador and approximately six kilometers from the city of Ipiaú. The Santa Rita Project comprises an aggregate area of 29,998.42 hectares.

The location of the mineralized zone being mined, mine workings, mine infrastructure, existing tailings ponds, waste deposits administration and processing plant and important natural features and improvements is set out below:



Ownership

The Santa Rita Project comprises 32 granted exploration licences (the “**Exploration Licences**”) and one mining licence.

Mirabela Brazil is party to an exploration and mining lease agreement dated October 17, 2003 (as amended on June 29, 2004, October 17, 2005, November 24, 2005, April 17, 2007 and February 27, 2008 (the “**Mining Agreement**”) with Companhia Bahiana de Pesquisa Mineral (“**CPBM**”), Rio Salitre Mineração Ltda (“**Rio Salitre**”) and, by amendment, CPBM’s subsidiary Utinga Mineração Ltda. (“**Utinga**”).

The Exploration Licences are held either directly by Mirabela Brazil or by CPBM or Utinga, pursuant to the terms of the Mining Agreement. The mining licence is registered to CPBM and Mirabela Brazil derives its rights to explore and develop the area covered thereby pursuant to the Santa Rita Lease Agreement (as defined below) between CPBM and Mirabela Brazil.

Prior to the issue of a mining licence and the execution of the Santa Rita Lease Agreement in respect thereof, the Santa Rita deposit was covered by Brazilian Department of Mines (“**DNPM**”) exploration licence No. 871 369/89. Pursuant to the Mining Agreement, Mirabela Brazil undertook an exploration program in respect of the area covered by DNPM No. 871 369/89 (the “**Initial Exploration Program**”) within a specified period of time. The Initial Exploration Program consisted of exploration, interpretation of previous data, drilling, geophysics, petrography, soil sampling, reports and economic feasibility studies. Mirabela Brazil was required to spend a minimum of BRL\$1,500,000 on the Initial Exploration Program, which it has done.

A final report of the Initial Exploration Program was submitted to the DNPM on September 18, 2006. The final report was approved by the DNPM on December 5, 2006 and a mining licence respecting DNPM No. 871 369/89 was issued on January 2, 2008 (the “**Santa Rita Licence**”).

A mining lease agreement between CPBM and Mirabela Brazil in respect of the Santa Rita Licence was entered into on March 3, 2008 (the “**Santa Rita Lease Agreement**”) and registered at the DNPM on June 9, 2008. The Santa Rita Lease Agreement is for a term of 20 years from the date of registration of the lease with the DNPM and is renewable. Mirabela Brazil is required to pay all taxes, development and operational costs and keep the Santa Rita Licence in good standing.

In accordance with the Santa Rita Lease Agreement, CPBM may terminate the Santa Rita Lease Agreement if: (i) Mirabela Brazil does not commence construction within 90 days from filing of the Santa Rita Lease Agreement with the DNPM, which it has done; (ii) Mirabela Brazil does not complete the construction of the nickel concentrate production facility to utilize the minerals extracted from the mineral deposits within a period of two years from the date of execution of the Santa Rita Lease Agreement; or (iii) Mirabela Brazil fails to comply with any of its requirements under the Santa Rita Lease Agreement. Upon the occurrence of any such event of termination, Mirabela Brazil will pay to CPBM, as a penalty, the sum of BRL\$500,000.

Mirabela has sufficient surface rights to the area of the Santa Rita Project by having purchased the underlying freehold land and by having arranged access with local landowners or pursuant to the terms of the Santa Rita Mining Lease (and the rights attached to the underlying mining lease).

The Mining Agreement continues to apply to the Exploration Licences held by CPBM or Utinga and, upon satisfaction of certain conditions in respect of any area covered by any such an Exploration Licence, including the issue of a mining licence. CPBM and/or Utinga must enter into a mining lease in favour of Mirabela Brazil in respect of the relevant area. Mirabela has surface rights to the areas covered by the Exploration Licences by having purchased the freehold land or having negotiated access with local landowners.

Royalties

The Santa Rita deposit is subject to the following royalties and similar payments:

- (a) royalties to CPBM on a monthly basis (in Brazilian reais) for the leasing of the mining rights to nickel sulphide ores and nickel laterite ores:
 - Sulphide Ore — the equivalent of 2.51% of the gross revenue from the sales or conversion of concentrates of nickel produced from sulphide ore, calculated on the basis of 60% of the market value of nickel contained in the concentrate plus the market value of other metals contained in the concentrate which are economically recoverable and marketable, expressed in nickel-equivalent, including copper, cobalt, gold and metals in the platinum group.

- Laterite Ore — the royalty for the laterite ore will be based upon each tonne of extracted mineral, converted or sold, according to the scale below:
 - (i) the equivalent to US\$2.01/tonne of laterite ore, if the value of nickel on the London Metals Exchange (the “LME”) is higher than US\$9,000 per metric tonne;
 - (ii) the equivalent to US\$1.51/tonne of laterite ore, if the value of nickel on the LME is between US\$8,000 and US\$9,000 per metric tonne; and
 - (iii) the equivalent to US\$1.01/tonne of laterite ore, if the value of nickel on the LME is lower than US\$8,000 per metric tonne.
 - Other Metals Contained in the Laterite Ore — US\$0.31/tonne of extracted mineral transferred or sold.
- (b) a federal ad valorem royalty of 2% of revenue from nickel production, less taxes, transportation and insurance costs (the “CFEM Royalty”); and
- (c) a royalty of 1% (being 50% of the CFEM Royalty) to landowners in connection with, and in exchange for, surface rights.

Environmental Liabilities and Required Permits

All known permits required for current project activities have been obtained except that the Company will require an operating licence prior to the commencement of production. An application was made to the state environmental authority for an operating licence on December 18, 2008, which is being reviewed.

The Santa Rita Project is subject to a levy of a minimum of 0.5% of invested capital, payable to an environmental conservation unit in the state of Bahia in respect of environmental liabilities. On the basis of the estimated capital cost for the Santa Rita Project, the amount of environmental compensation payable will be approximately US\$2.17 million.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Santa Rita Project is approximately two kilometers from the sealed BR330 highway. Access within the Santa Rita Project area is by unsealed formed municipal roads and farm tracks. The towns of Ipiaú (having a population of approximately 40,000) and Itagiba are approximately six kilometers and 20 kilometers from the Santa Rita Project, respectively, and can be accessed by sealed highway.

The Itagiba region, in which the Santa Rita Project is located, is classified as having a humid tropical climate. Annual rainfall varies between 800 millimeters and 1,800 millimeters and averages approximately 1,300 millimeters. There is no well-defined dry season. Local topography is characterized by flat to gently undulating soil-covered terrain at about 150 meters above sea level, traversed by a drainage network feeding the Rio de Contas river. The terrain is punctuated with rounded hills rising 350 to 400 meters above sea level, comprising resistant lithologies within the metamorphic terrain.

The towns of Ipiaú and Itagiba provide a source of skilled and unskilled labour. High voltage power supply lines cross the tenement areas. Water is provided for industrial and pastoral activity by the Rio do Contas river, other major watercourses and numerous artesian bores. A water treatment facility is located in Ipiaú to supply potable water to the town. The Company has sufficient surface rights for its proposed mining operations.

History

Several companies have conducted exploration at Santa Rita. These companies completed detailed mapping and various amounts of diamond drilling. To date there has been no production from the Santa Rita Project.

Mineração Nhambú Limitada (1979 — 1981)

The existence of mafic-ultramafic intrusive complexes was first noted following regional aeromagnetic surveys by the Brazilian Geological Survey (Compania de Resquisas de Recursos Minerais) (“CPRM”) in the Itaberaba-Belmonte area in 1976.

Mineração Nhambú Limitada (a joint venture between BP Minerals Limited and RTZ Limited in Brazil) conducted a regional exploration program for base and precious metals, and in particular gold and chrome, in the south of Bahia state between 1979 and 1981. The area to the south of Ipiaú was assigned a high priority due to the presence of north-north-east trending granitic intrusions identified by existing mapping.

Initial exploration comprised a stream sediment and soil sampling program at a density of one sample per four square kilometers, along with regional mapping, which led to the discovery of two important geochemical anomalies comprising nickel-copper-cobalt near Fazenda Mirabela (Mirabela Farm), eight kilometers south-southeast of the town of Ipiaú, and zinc-copper, located five kilometers south-southeast of Ipiaú near Fazenda Ipiranga (Ipiranga Farm). The first anomaly resulted in the discovery of the Fazenda Mirabela mafic- ultramafic intrusion and the second resulted in the discovery of a thin (equal to or less than one meter thick), but very extensive (two kilometer strike extent) gossan in the Grutinha Salobo area. Follow-up was conducted at both targets, focusing on the former, where ground geophysical (IP and magnetics) and geochemical (soil) surveys, geological mapping and two diamond holes totalling approximately 329 meters were completed.

As a result of this exploration, Mineração Nhambú Limitada concluded, among other things, that the trend of intrusive bodies in existing mapping were not of a granitic but rather mafic-ultramafic composition and nickel soil anomaly delineates what is now known as the Fazenda Mirabela mafic-ultramafic intrusion.

Mineração Nhambú Limitada relinquished the ground in 1981, concluding that the Fazenda Mirabela nickel anomaly was unrelated to significant primary mineralization.

Caraíba Metais SA (1985 — 1989)

Caraíba Metais SA claimed tenements in the Fazenda Mirabela region to explore for copper, nickel and PGEs in 1985. The company carried out geological reconnaissance and an orientation soil geochemical survey, prior to executing detailed field work over an area of one square kilometer. This work was restricted to the ultramafic zone of the intrusion, as the company was denied surface access to the whole intrusion by the landowners at the time.

Detailed prospecting comprised geological mapping at 1:5,000 scale; soil geochemistry; geophysical surveying, including gravity, magnetics and IP; and the drilling of five diamond core holes (579.70 meters) to test both IP anomalies and copper soil anomalies. This work confirmed the differentiated character of the intrusion and its magnetic sulphide mineralization.

At the time, however, the primary focus of the Caraíba Metais SA exploration was for copper-dominant deposits, which, combined with the low metal grades encountered and the existing economic conditions, led them to terminate exploration activities in the area, ceding their exploration rights to CBPM in 1989.

Companhia Bahiana de Pesquisa Mineral (1989 — 2002)

In July 1989, CBPM claimed the tenements covering the Fazenda Mirabela intrusion and the tenements covering the Fazenda Palestina intrusion.

CBPM exploration initially comprised a re-evaluation of the previous exploration work by Mineração Nhambu and Caraíba Metais SA; geological mapping, with analysis of Cu, Ni, Co, As, Ti, V, Cr, Pt and Pd in 39 rock samples and petrographic description for 135 rock samples; detailed profiles of ground geophysics (magnetics and VLF-electromagnetics) along five lines; and the compilation of density and magnetic susceptibility measurements for the five diamond drillholes completed by Caraíba Metais SA.

This work concluded that the Fazenda Mirabela intrusion was tholeiitic magmatic affiliation and possessed potential to host economic mineralization of Ni-Cu, PGE and Au, or of Pt-Pd with Au, Ni and Cu associated, or even economic chromite concentrations.

The second phase of exploration by CBPM commenced in 2000 and comprised diamond drilling of the primary mineralization and auger and diamond drilling of the secondary (laterite) mineralization.

In 2003, fulfilling its role of stimulating mineral exploration, CBPM offered private enterprise the opportunity to develop the nickel resources of the “Mirabela Laterite and Sulphide Ni-Cu-PGE Target” via public tender number 005/2003.

Mirabela Brazil was selected on the basis of the discovery bonus and royalty offered to CBPM. Diamond drilling of the lateritic resource began in March 2004, and diamond drilling to investigate the area of sulphide mineralization known as Santa Rita began in September 2004.

Geological Setting

Regional geology

Geological, geochronological and isotopic studies allow the identification of four important crustal segments in the basement of the São Francisco Craton in Bahia. The oldest portion is the Gavião block in the west-southwest comprised of granitic, granodioritic and migmatitic continental crust including remnants of 3.4 Ga Tonalite-Trondhjemite-Granite terrains and associated Archaean greenstone belts. In the south-southwest, the Archaean Jequié block comprises granulitic migmatites with inclusions of supracrustal rocks, intruded by many charnockite plutons. To the northeast, the Archaean Serrinha block is composed of orthogneisses and migmatites, which form the basement for Paleoproterozoic greenstone belts. The youngest segment exposed is the Archaean-Paleoproterozoic Itabuna-Salvador-Curaça belt, which extends from south-east Bahia along the Atlantic coast to Salvador, then northwards into northeast Bahia, separating the Gavião and Jequié blocks from the Serrinha block. This segment is mainly composed of a low-K calc-alkaline plutonic suite, but also contains belts of intercalated metasediments and ocean floor/back-arc basin gabbro and basalt.

Local geology

The Mirabela and Palestina mafic-ultramafic intrusions are located within the Itabuna-Salvador-Curaça belt, close to its western margin with the Jequié block, and within six kilometers of the “Ipiaú Band”. The Mirabela and Palestina intrusions are undeformed and partly re-equilibrated at granulite facies, displaying magmatic temperatures above 1,000°C and sub-solidus re-equilibration at 850°C, although igneous textures and mineral textures are recognized, suggesting late or post-tectonic emplacement.

The Fazenda Mirabela Intrusion represents one of at least two mafic-ultramafic layered bodies intruding along a major structural lineament that extends for over 100 kilometers adjacent to the western margin of the Itabuna-Salvador-Curaça belt.

Project geology

The Fazenda Mirabela Intrusion is a Paleoproterozoic differentiated mafic-ultramafic body emplaced near the western margin of the Itabuna-Salvador-Curaca belt during the later stages of the 2.15-2.10 Ga Transamazonian Orogeny when this belt collided with, and was thrust over, the Jequié Block.

The western ultramafic zone comprises a typical ultramafic cumulate sequence overlying a basal reversal. A core of fine-grained dunite (serpentinite) is successively overlain by peridotite (harzburgite to olivine orthopyroxenite) and pyroxenite (bronzitite) units. This zone occupies about one-third of the total area of the intrusion on its western side, and is reflected by a topographic high. The dunite core and a large part of the peridotite are completely serpentinized, with preservation of relic texture. The peridotites become gradually richer in pyroxene and poorer in olivine outwards from the nucleus. The overlying pyroxenite-rich units show minor alteration of their constituent minerals compared to the core. The extent of the ultramafic zone is well defined by outcrop mapping and magnetics.

The mafic zone lies to the east of the ultramafic zone, is ellipsoidal in exposed shape, and occupies two-thirds of the surface area of the intrusion. It defines the general shape of the Fazenda Mirabela Intrusion due to its almost perfect oval form and is estimated to be at least 1,000 meters thick. Topographically, it

represents an area of subdued, almost planar, relief and comprises coarse-grained gabbro-norites, leucogabbro-norites and augite norites of remarkably homogeneous character, only locally disrupted by late tectonic overprints. Compositionally, olivine is absent and plagioclase becomes the major mineral phase, together with ortho- and clino-pyroxene. It does not have a magnetic signature.

Exploration

Prior to commencement of Mirabela's exploration programs, exploration was completed by operators Mineração Nhambú Limitada, Caraíba Metais SA and CBPM. Recent Mirabela exploration programs focused primarily on drilling the sulphide mineralization to understand the geological controls, to collect metallurgical and geotechnical data, and to define a high confidence mineral resource.

Exploration surveys and interpretations completed to date have been planned, executed and supervised by expatriate and national Mirabela personnel, supplemented by consultants and contractors for more specialized or technical roles.

Exploration by Mirabela has primarily focused on the area of the Fazenda Mirabela intrusion, the Peri Peri prospect and the Palestina prospect.

Whilst the geology of Fazenda Mirabela Intrusion is well established on the eastern side of the dunite within the Santa Rita mineralized zone, the western side of the dunite and the large expanse of gabbro-norite were less well known and were investigated by:

- (a) Drilling several holes in four sections 100 meters apart between 8,430,200 mN and 8,430,500 mN. This drilling did not reveal any significant sulphides and the inverted igneous stratigraphy is now interpreted to represent a primary magmatic basal margin reversal arising from a temperature gradient-driven flux of low melting point components (e.g. quartz, plagioclase and clinopyroxene) from the hot magma towards the relatively cold cumulate floor, and the commensurate flux of high melting point components (e.g. olivine and orthopyroxene) into the main magma body.
- (b) Drilling four percussion drill holes 1.5 kilometers northeast of the Santa Rita sulphide horizon to test the contact between the gabbro-norite and the gneissic basement, revealing the contact zone to be sulphide-bearing but only low Ni grades were encountered.
- (c) Soil sampling 0.8 kilometers further east along this contact where the basement-intrusion contact bends sharply southward, revealed a highly anomalous soil response (1% Ni, 0.3% Cu, 0.3% Cr, and 12% Fe) which was followed up by intensive drilling leading to the discovery of the Peri-Peri prospect, located in a thin zone of bronzitite bordering the main gabbro-norite.
- (d) Engaging PGN Geoscience to invert the potential field data for sample density and magnetic susceptibility from samples of all the drilling to date to test different geometrical scenarios. Although the extremely magnetic nature of the country rock hinders the use of magnetics to delineate further mineralisation or structures within the intrusion it appears that inversion of the data may be useful for mapping the depth of the serpentinization of the dunite. In that region, the serpentinized dunite is very magnetic and this zone closely matches a zone of high IP chargeability proving conclusively that the IP effect is sourced by secondary magnetite veining generated during serpentinization of the dunite.

Soil sampling at the Peri Peri prospect, along the contact of the gabbro-norite and basement approximately two kilometers east of the Santa Rita sulphide horizon at the Peri-Peri prospect where the contact bends sharply southward revealed a highly anomalous soil geochemical response (1% Ni, 0.3% Cu, 0.3% Cr, and 12% Fe) which was followed up by drillholes MBRC-070 (20m @ 0.62% Ni, 0.14% Cu from surface) and MBRC-071 (4m @ 0.78% Ni, 0.13% Cu from 17 meters-21 meters downhole, and 7m @ 0.40% Ni, 0.12% Cu from 26 meters downhole).

Following these initial results 37 diamond drillholes totalling 5,388.8 meters have since been completed. Drilling intersected a shoot over 350 meters of strike length and as deep as 150 meters below surface. Local occurrences of matrix, stringer style mineralisation with up to 30% sulphides, were also commonly intersected within the basement footwall lithologies within 20 meters of the intrusive contact. The sulphides within the ultramafic tend to be rich in nickel and poor in copper compared to sulphides from the Santa Rita ore body, but

are texturally similar. The basement lithologies include granulite-facies metasediments, mafic granulite and felsic granofels which suffered mylonitization prior to intrusion of the Fazenda Mirabela Intrusion. Within 20 meters of the intrusive contact they host disseminated pyrrhotite, pyrite and chalcopyrite, pentlandite-rich lenses and veins, and veins of sulphide-hosted breccia with largely undeformed fragments composed of quartz, microcline and muscovite. This assemblage of sulphides is similar to that seen in drillholes at the northern limit of the Santa Rita resource. The economic significance of this shallow mineralisation is being assessed.

The Fazenda Palestina mafic-ultramafic intrusion is located 25 kilometers to the south-southwest of the Santa Rita Project and 12 kilometers east of the town of Dário Meira, adjacent to highway BR-030.

The intrusion cluster measures approximately five kilometers east-west by three kilometers north-south. The two dominant lithologies within the intrusion comprise orthopyroxenites and lesser gabbro-norites, the latter forming a border zone around the former in the east. Previous exploration comprised geological mapping, rock and soil sampling, and airborne and ground geophysics. Geochemical results indicated that the pyroxenites are anomalous in nickel, copper and PGE. Mirabela has since completed IP and EM ground surveys which delineated a conductor located on the north-eastern intrusive margin, a gravity survey, detailed soil sampling, geological mapping and two drilling programs.

A total of 25 holes were drilled under the aforementioned drilling programs, however the maximum nickel grade intersected was just over 0.70% intersected in three adjacent holes drilled on the same section. A detailed geochemical soil sampling program of 1,504 samples over an area of approximately 6.4 square kilometers, clearly defined the location of the Palestina intrusive bodies and refined the dimensions and location of anomalous areas previously delineated by the previous CBPM survey.

Mirabela believes that a small drill program is warranted to test these anomalies and will be executed upon receipt of the necessary environmental permits.

A campaign of stream sediment sampling was completed covering all of the Mirabela tenements extending from the Fazenda Mirabela Intrusion in the north to the Fazenda Palestina Intrusion in the south, including the location of the Floresta mafic-ultramafic intrusion. Results confirmed that the only two strongly anomalous Ni-Cu-Cr-Mg areas were those draining the Mirabela and Palestina intrusions. The supposed area of the Floresta mafic-ultramafic intrusion located between the Mirabela and Palestina intrusions immediately north of the Gongogi River was also covered and a weak Co-Cu-Ni anomaly delineated. This was subsequently investigated by field mapping and a 200 meter by 100 meter-spaced soil survey covering 6.6 square kilometers which yielded only very low values suggesting there are no mafic-ultramafic intrusives analogous with those at the Mirabela or Palestina intrusions, in the area. The weak anomalism indicated by the survey is interpreted as reflecting an underlying, barren meta-pyroxenite within the supra-crustal belt.

Mineralization

Disseminated nickel and copper sulphides form a stratiform body parallel to the lithostratigraphic contacts extending upwards from the harzburgite unit through the olivine orthopyroxenite unit and into the bronzitite unit proceeding from north to south. Sulphur saturation post-dates olivine-only precipitation, carrying transported, relatively PGE-poor sulphide droplets. No sulphides have been discovered at the base of the intrusion since the dunite unit and basal margin reversal are interpreted to represent the non-mineralized pulse that preceded the mineralized pulse.

The mineralized zone extends from one side of the Fazenda Mirabela Intrusion to the other, with widths up to 140 meters and averaging 40 meters in width over a strike length in excess of 2.0 kilometers, and has been tested down dip to depths exceeding 1,000 meters.

The sulphide mineralization shows strong lithostratigraphic control, concentrated within the peridotite and upwards into the pyroxenite. The mineralization has a primary disseminated nature, originating from accumulation of sulphide liquid within the cumulate silicate phase as post-cumulus sulphides, and comprises predominantly pentlandite (52%, with 7% violarite) intimately associated with chalcopyrite (14%), pyrite (14%) and pyrrhotite (9%). Traces of PGE are also intimately associated with the sulphides, either as a distinct mineral phase (not yet identified) or included within the structure of the principal sulphides.

The mode of occurrence of the sulphides is as granular aggregates comprising pentlandite and/or violarite, chalcopyrite, pyrrhotite and various forms of pyrite. Sulphides are commonly fine-grained, with individual samples often containing sulphide aggregates no more than 0.5 millimeter to one millimeter in size, however larger lenses to 30 millimeters occur locally with sulphide aggregates. Finer and more widely disseminated grains of sulphide seem to include more abundant chalcopyrite than relatively coarser scattered aggregates. Sulphides occurring as veinlets and fine filaments in micro-fractures, with or without serpentine, are mostly copper-rich (chalcopyrite), with or without pentlandite or violarite, and rarely include low-temperature secondary pyrite.

Composite grains of nickel-rich sulphides are commonly equant or elongate, being up to one millimeter to two millimeters in diameter or length, and interstitial to olivine and/or chromite. Minor sulphides include mackinawite, millerite, poorly defined low-temperature iron sulphides, cubanite, bornite and chalcocite, along with trace native copper. Millerite and more complex nickel-copper sulphides occur in some samples. Low temperature pyrite is less abundant and is rarely colloform or lamellar in texture.

The bulk sulphide composition (tenor = grade recalculated to 100% sulphide) has been calculated to be $\pm 18.9\%$ Ni, 6.1% Cu, 36.2% Fe, 38.8% S in 2.57% by weight sulphide. No discrete PGE mineral phase has been identified.

The principal alteration exhibited by differentiates comprising the Fazenda Mirabela Intrusion is serpentinization. During this process both the olivine and orthopyroxene are strongly altered along fractures and grain boundaries to a fibrous chrysotile, associated with blebs and dendritic exsolutions of secondary magnetite. In olivine cumulates, coronas with an inner rim of orthopyroxene and an outer rim of clinopyroxene occur around olivine grains in contact with interstitial plagioclase (kelyphitic texture).

In the dunite unit, usually none of the former grain structure is seen mid the serpentine mass, however towards the top of the unit quite unaltered olivine crystals are found. Within the peridotite unit, olivine is also strongly altered along fractures, but the serpentinization rarely progresses through the whole mineral. Within the pyroxenite unit, orthopyroxenes are slightly altered to tremolite along the grain boundaries when in contact with clinopyroxene, and to bastite along cleavages with liberation of powder-like magnetite giving the mineral a dusty appearance in this section.

Drilling

Diamond core (“DDH”), reverse circulation (“RC”), open hole percussion (“OHP”) and auger drilling have been completed at the Santa Rita Project as follows:

<u>Deposit</u>	<u>No DDH</u>	<u>DDH (m)</u>	<u>No RC/OHP</u>	<u>RC/OHP (m)</u>	<u>No Auger</u>	<u>Auger (m)</u>	<u>All Holes</u>	<u>Total meters</u>
Santa Rita	1,152	183,862.49	24	765.60	0	—	1,176	184,628.09
Exploration	82	16,450.06	69	6,331.00	145	416.05	29.6	23,197.11
Totals	<u>1,234</u>	<u>200,312.55</u>	<u>93</u>	<u>7,096.60</u>	<u>145</u>	<u>416.05</u>	<u>1,472</u>	<u>207,825.20</u>

Neither the auger, the OHP or the RC drilling was included in the resource estimates.

Data collection can be subdivided into two distinct periods of exploration, prior to 2004 and 2004 onwards. The first period relates to data collected by CBPM. The second period relates to data collected under work programs managed by Mirabela. Data collection methods applied by Mirabela have been reviewed by Coffey Mining and directly assessed. However, no detailed review has been undertaken of CPBM’s exploration results.

Diamond drilling was predominantly carried out by Boart Longyear Geoserv. The rigs used were sled-mounted and were moved and placed into position using a tractor. The number of rigs on site at any one time varied between one and six. All holes were drilled with HQ pre-collars and completed with NQ core, with the exception of the laterite drill-holes which were drilled entirely with HQ. Drilling was completed in runs of three meters. Core structural orientations were routinely recorded to assist in determining the controls on mineralisation and in establishing a reliable geological model for resource estimation, and to provide additional geotechnical information to determine likely blast fragmentation and pit stability characteristics. The core was transferred from the trays and pieced together on a V-rail (angle iron) rack and the orientation line, determined

from the spear orientation mark recorded during drilling, was drawn along the entire length of the assembled core. The spear orientation tool has since been substituted by a plasticine-mould tool, which is more reliable.

A program of RC drilling was completed as sterilization of the surrounding area. As such, it has not been used in the mineral resource estimation contained herein.

The vast majority of down-hole drilling intercepts represent true mineralisation width although in all cases the interpretation of the geology and mineralisation constraints has been completed in three dimensions and therefore directly considers the attitude of the mineralisation relative to the orientation of the drill-holes.

The dominant drill direction is -60° towards 270° (UTM Grid Zone 24 south using Corrego Alegre datum). In the south-east extension zone, the drill direction was changed to -60° towards 180° to account for strike change of the mineralised zone from north-south to more east-west.

The grids used in the surveys were initially established using a GPS. The grid-lines were opened with machetes to cut-back the grass and low bushes, and a marked stake placed at each of the survey points, as located with a GPS.

Upon completion, each diamond drill-hole was cased with PVC tubing, which was left protruding a meter or so from the collar. The PVC was then cemented in place. Each collar was marked with a cement block, upon which was placed an aluminium plaque with the drill-hole details engraved on it. The collar coordinates were initially obtained using a GPS. More recently the collars have been surveyed with a DGPS, and finally by surveyors.

Initially, for each diamond drill-hole, the drill-rig was aligned to a cord strung between three pickets. These pickets and cord had previously been put in place on the drill pads using a compass and GPS. Once the rig was ready to drill, the alignment of the rig was re-confirmed using a compass. Since the beginning of 2008 the drill-rigs have been aligned for each drill-hole by a surveyor using a total station. The down-hole direction and dip changes were monitored by either single-shot surveys or by post-drilling north-seeking gyroscope surveys, or, in various instances, by both of these methods.

Sampling and Analysis

Soil Sampling

Multiple phases of surface geochemistry have been executed by the operators of the property. The geochemistry includes soil samples, rock chip samples and auger samples. A program comprising 480 shallow bulk soil samples were taken by Mineração Caraiba S/A between 1965 and 1989. These data were collected based on a regular 100 meter by 40 meter grid. The analytical method is unknown but the samples were analysed for Ni, Cr, Co, Cu, Pb and Zn, with selected samples also analysed for Ag, Pt and Pd. CPBM collected 1,087 bulk soil samples (including 49 duplicates) on a regular 200 meter by 50 meter grid. All CPBM samples were analysed by Lakefield Geosol Limitada.

As part of an exploration agreement between CVRD INCO Limited (“**INCO**”) and Mirabela, INCO assessed the area for massive nickel sulphides during 2006. The samples were nominally collected on a 200 meter by 25 meter east-west grid. The dataset contains a total of 1,329 samples assayed by ALS Chemex Ltd. (“**Chemex**”) in Vancouver, Canada, for Ag, Al, As, B, Ba, Be, Bi, Ca, Cd, Co, Cr, Cu, Fe, Ga, K, La, Mg, Mn, Mo, Na, Ni, P, Pb, S, Sb, Sc, Sr, Th, Ti, Tl, U, V, W, and Zn following a four-acid digest.

A total of 2,512 samples have been collected by Mirabela between 2006 and 2007 as part of two main sampling programs. The CPBM grid was extended and much of the contact zone of the Fazenda Mirabela Intrusion was covered with detailed sampling, typically at 40 meter by 40 meter, but over selected areas, notably Peri-Peri and the southern extension, the grid was reduced to 20 meter by 20 meter. Other infill sampling was completed in various areas in an attempt to confirm the validity of anomalies from earlier surveys. Included in the data set are 202 samples from a shallow auger sampling program over the northern and southern parts of the main ore body and parts of the eastern contact of the Fazenda Mirabela Intrusion, in the vicinity of the Peri Peri deposit.

All samples were analysed by Chemex using the ICP41, PGM-ICP23 and OG62 analytical techniques. Sample preparation (PREP-41) included the weighing and drying of samples prior to dry-sieving the sample to – 180 micron (80 mesh).

Diamond Core Sampling

The zones of each hole sampled were selected at the discretion of the geologist completing the geological logging. The drill core was logged in detail and intervals for sampling selected and a sampling form completed. The core was then cut evenly down the middle using a diamond saw, slightly to the left of the orientation lines (or meter-marks where no orientation line exists). The two halves of each piece of core were placed back in the core tray in the original position.

The drill core was sampled in one meter intervals by trained and supervised technicians. Each meter was sampled by taking the left-hand half of each piece of core for that meter and placing them into the appropriate sample bag.

In addition to the routine assaying, thin sections have been collected in zones of anomalous nickel mineralisation for petrological studies. These thin sections have been collected at approximately 10 meter down-hole intervals. Thin section sampling has been completed for specific drill-holes of interest.

RC Sampling

RC drill chips were collected as one meter intervals down-hole using a cyclone into PVC bags prior to splitting. The collected samples were riffle split using multiple passes through a single stage riffle splitter. A final sample of approximately two kilograms was collected for submission to the laboratory for analysis. In drill-holes of interest, the final samples were of one meter intervals, however for the majority of the sterilisation program the samples were four meter composites. The sampling represents industry standard practices. In wet holes, the samples were left to dry as best as possible, and then homogenized and quartered by hand.

RC chip trays were systematically logged by collecting the sieved RC chips and storing them in a tray, with each labelled compartment of the tray containing the chips from one meter. RC sampling has not been reviewed by Coffey Mining.

Rock Density

To determine rock density, pieces of core, at least 10 centimeters long, were selected at approximately 10 meter intervals throughout every drill hole.

Sample Quality

In the Santa Rita Technical Report, Coffey Mining concluded that the sampling procedures adopted for diamond drilling are consistent with current industry best practise. In addition, all technicians appeared well trained and effectively supervised by Mirabela expatriate staff. Coffey Mining did not assess the RC drill quality, but stated that the approach is also consistent with current industry best practise, except for wet drilling. Coffey Mining considers that wet RC drilling is inappropriate and drill-holes should be stopped when significant water ingress occurs. The RC drilling has not been used to generate the mineral resource reported herein.

In addition, Coffey Mining concluded that the primarily one meter sampling was consistent with broad disseminated mineralisation styles identified at the Santa Rita Project. Coffey Mining noted that the presence of scissor drill holes, plus the collection of a substantial structural and geochemical database, confirmed the validity of the drilling orientation and the geological interpretation.

In respect of bulk density determinations for the sulphide samples, Coffey Mining concluded that they have been conducted in accordance with industry standard procedures. The collection of a suite of transitional and oxide samples for testing using a method that includes oven drying of the core billet and sealing of the core with paraffin wax prior to standard immersion method density determinations is considered appropriate. A limited number of tests on the sulphide material was also routinely completed.

Quality Control and Data Verification

Quality control procedures include: (i) inserting standard blanks at the beginning of every hole and thereafter at every 50th sample; (ii) inserting certified reference material for every sample number ending in either 20 or 70; (iii) inserting sample duplicates at the preparation laboratory for every 20th sample; and (iv) completing umpire assay checks (pulp re-assay) using ACME Analytical Laboratory Ltd. (Vancouver, Canada) and Ultra Trace Analytical Laboratories (Perth, Australia).

Two twin drillholes were also completed. In each case, the twin hole for each location is a RC hole with the original being a diamond hole. Based on only two holes there appeared to be a downgrading in the RC results. Coffey Mining noted that this is not material to the resource calculation as the two RC holes were not used in the drillhole composites but it does suggest an unexplained difference between the diamond and RC drilling results.

In the Santa Rita Technical Report, Coffey Mining concluded that, with the exception of Au, the analysis is considered accurate and precise and suitable for mine planning studies. The current quality control protocols were determined to be of high industry standard and should be maintained for future drilling programs. However, Coffey Mining recommended that the monitoring of quality control data, especially the standards and blank assaying, be done as a routine part of the data management process which for logistical reasons in the past has been completed in batches. Assay batches returning assays outside accepted ranges should be rejected and the laboratory asked to re-assay these samples at no cost. In addition, the submission of certified Au standards should be considered if Au becomes a significant revenue stream for the project and/or if improved quality control results are not returned for in future assaying.

To validate the drillhole database, randomly-selected holes were audited against the original logs and assay reports. In addition, Coffey Mining independently selected a number of drill-holes (35 drill-holes representing 4,317 assay intervals) and compared the digital database against the hardcopy data and laboratory assay certificates. Based on this independent assessment, the quality of the data in the database was excellent with no material errors being identified at any stage of the validation process.

Security of Samples

Current drilling procedures require samples to be taped closed once taken from the core sampling facility. Samples are then transported directly to the laboratory. The majority of the sample preparation and analysis has been completed by Chemex, as the principal analytical laboratory, with sample preparation completed in Brazil and analytical laboratories in Perth, Australia and Vancouver, Canada assaying the pulps. Reference material is retained and stored on site, including half-core and photographs generated by diamond drilling, and duplicate pulps and residues of all submitted samples. All pulps are stored at Chemex's storage facility in Belo Horizonte for three months, after which they are stored on site.

In the Santa Rita Technical Report, Coffey Mining has determined that the rapid submission of samples for analyses from drilling, and the procedures followed by technical staff, provides little opportunity for sample tampering. Equally, given the umpire assaying by way an external international laboratory and the regular "blind" submission of international standards to both the primary and umpire assay facilities, any misleading analytical data would be readily recognised and investigated.

In addition, Coffey Mining determined that the sampling methods, chain of custody procedures, sample preparation procedures and analytical techniques are all considered appropriate and are compatible with accepted industry standards. As described above, sampling and dispatch of samples is completed and managed by Mirabela staff; however, sample preparation and assaying is completed independent of Mirabela by Chemex.

Mineral Processing and Metallurgical Testing

Metallurgical Testing

The Santa Rita Project comprises the Santa Rita deposit, which is comprised of nickel sulphides with minor amounts of nickel oxides.

A comprehensive test work program has been undertaken on the nickel sulphides to determine the mineralogical, comminution and metallurgical properties of the various mineralised zones within the deposit. Samples for metallurgical test work were collected immediately after the receipt of assay results and all significant intersections were sampled and divided into pre-determined metallurgical domains, with lithology being the predominant control.

The purpose of the test work program was to develop a process flow sheet that maximises recovery of nickel and copper whilst minimising the incorporation of penalty elements (e.g. magnesia) at the lowest achievable project risk. Test work to date has established that a nickel feed grade of 0.61 nickel concentrate with a grade of 13.0% at a recovery of 70% can be produced. In addition, the concentrate contained approximately 3.5% copper, payable cobalt and potentially payable quantities of gold and platinum group metals.

Test work program included the following:

- (a) mineralogical analyses of the flotation feed material and a number of the metallurgical test work products;
- (b) a thorough comminution test work program over three phases, with careful consideration in respect to sample representativity from within the Santa Rita deposit the results of which indicated that the samples were of medium competency in terms of crushing and in the medium to high competency in terms of milling with a Bond work index of 184 kilowatt hours per tonne for the rod mill and 20.4 kilowatt hours per tonne for the bay mill;
- (c) extensive flotation test work, over five phases, on representative samples from the Santa Rita deposit, designed to determine the optimal grind size that would produce the highest grade, recovery and iron to magnesium ratio;
- (d) extensive optimisation test work to assess the effects of other factors such as pulp density, reagent addition and regrinding which indicated that the optimum flotation grind size was approximately 125 μm and that nickel recovery increased slightly at the finer grind sizes tested;
- (e) six cycle locked cycle flotation tests on composite samples from the Santa Rita deposit based on the grind size and reagent conditions established in the earlier phases of testing;
- (f) large scale bulk flotation testing to produce concentrate to provide product to smelters as possible end-users of the concentrates as a result of which a total of 4.6 kilograms of concentrate assaying 13.9% Ni, 4.5% Cu, 10.1% MgO and 25.4% Fe, with and Fe:MgO ratio of 2.5: 1 was produced and latest results achieved a 71% nickel recovery at a 13% nickel concentrate grade from a 0.62% nickel head grade;
- (g) a flash flotation test, to determine whether any benefit might result from the inclusion of a flash flotation unit as a result of which it was concluded that the flash flotation concentrate was not of sufficient quality to be included in the circuit;
- (h) materials handling test work that included particle size range determination, moisture content test work, shear test work, compressibility test work, wall friction test work, and angle of repose test work, and which indicated an easy handling material with little bulk strength that increases slightly after three days of undisturbed storage;
- (i) thickening test work (consisting of flocculant screening and dilution tests and a dynamic thickening test) on concentrate and tailings produced from large scale flotation test work conducted and which resulted in the recommendation of certain thickness requirements;
- (j) tailings storage facility test work (consisting of particle size distribution test, particle density test, settling tests and permeability test) on a sample sourced from a 15 kilograms bulk flotation test the purpose of which was to determine the ease in which a tailings beach could be formed and the clarity of the supernatant pond water; and
- (k) a bench scale analysis on the option of using heap leach to treat 2.0 million tonnes of oxide overburden at a head grade of 0.79% nickel and potentially 2.5 million tonnes of laterite overburden at 2.2% nickel

which showed that approximately 70% of the nickel was likely to be recoverable at a relatively low acid addition rate.

The test work program produced the following results as follows:

- (a) the deposit was categorised in three major mineralogical types: orthopyroxenite, which represents approximately 60% of the deposit and has approximately 15% of the nickel associated with silicates and hence has a maximum recovery of approximately 80%; olivine orthopyroxenite, which represents approximately 14% of the deposit and contains approximately 20% of the nickel in silicate; and, harzburgite which has the highest non recoverable nickel component of approximately 25% and represents approximately 26% of the deposit;
- (b) the samples are in the medium range in terms of competency for crushing and in the medium to high range for grinding;
- (c) that SAG milling would be appropriate for these samples;
- (d) based on the samples, the grind characteristics are consistent throughout the deposit and the optimum rougher P80 grind size is approximately 125 μ m;
- (e) a nickel concentrate grade of approximately 13% is achievable by conventional flotation at a recovery of approximately 70%;
- (f) there is potential for improvements in both nickel grade and nickel recovery likely through further optimisation of the flotation parameters and concentrate regrind options but the overall nickel recovery will remain limited to a large extent by the percentage of nickel associated with sulphides in the deposit;
- (g) flash flotation is not considered advantageous to the flowsheet;
- (h) the concentrate is not pyrophoric and will not present any problems in transport; and
- (i) the settling properties of the flotation tail are acceptable in terms of flocculent consumption, thickener capacity, underflow density and overflow liquor clarity.

Process Plant

The processing plant proposed to commence production at a throughput rate of 4.6 million tonnes per annum, with an increase to 6.4 million tonnes per annum in August 2010 upon the installation of a second ball mill and additional flotation capacity.

The proposed process plant to treat the Santa Rita deposit consists of primary crushing, conventional SAG and ball milling, flotation circuit and dewatering/filtration section. The process plant has been designed so that material is delivered to a primary crusher via a front end loader and/or 100 tonne dump trucks (crusher designed to handle 150 tonne dump trucks). The primary crusher will reduce the ROM feed to a P₈₀ size of 120mm. This material will then be conveyed to a coarse 'ore' stockpile where it will be fed at a steady rate to the milling circuit.

A comprehensive study has been undertaken in respect of the milling circuit, which has an 8.9MW SAG mill in open circuit with two 5.8MW ball mills to produce a rougher feed at a P₈₀ grind size of 125 μ m. Changes in the overall mineral resource composition and the requirement for additional throughput made it necessary to also include the second ball mill and second pebble crusher.

The flotation circuit design is based on the metallurgical test work that was completed and includes a conventional rougher/cleaner arrangement. The plant design allows for retro fitting of both flash flotation and a regrind circuit if necessary.

The tailings storage facility design includes waste rock and clay embankments, to enable containment of approximately 100 million tonnes of tailings.

Mineral Resource Estimate

Open Pit Sulphide Nickel Project

The Santa Rita deposit resource estimate is based on the 494 diamond drillholes for 131,695.28 meters drilled by Mirabela and by CBPM and Caraíba Metais SA. The resource estimate, as of September 2008, for the Santa Rita open pit, at both a weighted average cut-off grade of 0.34% and by variable cut-off grades, is set out below:

Classification ⁽¹⁾⁽²⁾	Average Cut-Off Grade of 0.34%						
	Mt	Ni %	Cu %	Co %	Pd ppb	Pt ppb	Au ppb
Measured	15.1	0.65	0.16	0.017	51	108	65
Indicated	115.2	0.60	0.16	0.015	43	92	60
Inferred	19.8	0.60	0.16	0.016	36	86	58

Notes:

- (1) Based on a weighted average cut-off of 0.34% Ni.
- (2) Cut-off grades — 0.30% pyroxenite, 0.35% olivine-orthopyroxenite, 0.45% harzburgite, and 0.50% dunite.

A variety of cut-off grades are required for each ore type, because they vary in olivine content. Olivine contains non-sulphide nickel that is not recoverable (silicate nickel), so lower olivine content increases nickel recovery and reduces the corresponding cut-off grade. Mineral resource grades reflect the combined sulphide and silicate nickel content, because assay technology is not accurate enough to measure sulphide nickel content alone for mineral resource estimation.

There are four different types of mineralised rock. Each has a different cut-off grade depending on its non-sulphide nickel content. Pyroxenite has a low cut-off grade to reflect low olivine and low non-sulphide nickel content, whereas dunite has a high cut-off grade to reflect high olivine and high non-sulphide nickel content.

The key assumptions, parameters and methods used to estimate the mineral resources for the open-pit mine are set out below:

- (a) a geological model for the Santa Rita deposit was generated in 3D based on east-west cross-sectional interpretations;
- (b) the geological model included lithological contacts, interpreted faults, mineralised zones and oxidation surfaces;
- (c) the lithological contacts between the different rock types were modelled as sub-parallel layers that dip generally between 40° and 60° to the east;
- (d) the mineralised zone was defined using the sulphur content with a base value of 0.2% sulphur selected to create a mineralised envelope that was continuous and represented sulphide Ni grade material;
- (e) the sulphide zone was modelled and was broken up into a number of domains to deal with the fault offsets, and the spatial breaks in the interpreted mineralisation zone;
- (f) the drillhole database was composited to a three meter downhole composite interval, recording the geological model and residual (partial) composites less than 75% of the three meter interval were rejected from further study;
- (g) statistical and geostatistical analysis was completed on the composite dataset grouped by the main mineralisation domains;
- (h) investigations included multivariate analysis, high grade capping, and the generation and modelling of variograms for the principal variables (Ni, Cu, Co, Pd, Pt, Au, Fe, Mg and S);
- (i) resource estimation was undertaken using Ordinary Kriging (“OK”) as the principal estimation method for Ni, Cu, Co, Pd, Pt, Au, Fe, Mg and S;

- (j) the OK grade estimates were generated based on the three meter composite data and applying a minimum of 8 and a maximum of 24 composites;
- (k) the OK grade estimate was completed into a 3D block model with a cell dimension of 20mE by 25mN by 5mRL, which represents the approximate drill spacing of the northern region of the deposit which has been classified as a high confidence resource while the remainder of the deposit is defined by an approximate 40 metre or greater drill spacing;
- (l) a Selective Mining Unit (“SMU”) estimate was generated for Ni using the OK estimate and applying the geostatistical method Uniform Conditioning (“UC”);
- (m) a SMU of five meters by 10 meters by five metres was used for this estimate to represent the planned mining selectivity;
- (n) the SMU model was generated with cut-offs of 0.1%, 0.2%, 0.22%, 0.25%, 0.3%, 0.32%, 0.35%, 0.4%, 0.45%, 0.5%, 0.6%, 0.7%, 0.8%, 0.9% and 1.0% nickel;
- (o) a copper and cobalt SMU model was developed using regression equations calculated using the composite data and based on the nickel UC model;
- (p) the application of regression to produce SMU estimates for copper and cobalt resulted in an average 10% (copper) and 12% (cobalt) increase in reported mineral resource grade; and
- (q) extensive visual and statistical validation of the grade estimates was completed.

Underground Sulphide Nickel Project

The underground deposit resource estimate is predominantly based on 17 key diamond drillholes for 18,061.8 meters drilled by Mirabela. However, to establish and confirm continuity of grade, the wireframe interpretation (that extends up into the Santa Rita open pit resource) and composites are derived from a minimum of 75 diamond drill holes for 50,186.55 meters. The inferred mineral resource of the Santa Rita underground deposit as at February 2009 is set out below:

<u>Classification⁽¹⁾</u>	<u>Mt</u>	<u>Ni %</u>	<u>Cu %</u>	<u>Co %</u>	<u>Pd ppb</u>	<u>Pt ppb</u>	<u>Au ppb</u>
Inferred	87.5	0.79	0.23	0.018	65	133	83

Notes:

- (1) Using a 0.5% Ni cut-off grade.

The key assumptions, parameters and methods used to estimate the mineral resources for the underground deposit are set out below:

- (a) the geological model as defined for the open pit mineral resource was applied for the underground mineral resource study but refined to include the additional drilling completed subsequent to the open pit study;
- (b) an underground mineralised zone interpretation was completed using a combination of a 0.5% Ni lower cut-off grade material and an elevated sulphur content;
- (c) the majority of the mineralisation is contained within one continuous zone which has an average true width of approximately 80 meters, a strike length of about 600 meters, and an average dip of 45°;
- (d) the drillhole database was composited to a three metre downhole composite interval, recording the geological model;
- (e) residual (partial) composites less than 75% of the three metre interval were rejected from further study;
- (f) three metre composites were used for all statistical, geostatistical and grade estimation studies;
- (g) variography was generated for the principal variables (Ni, Cu, Co, Pd, Pt, Au, Fe, Mg and S) based on the three metre downhole composites;

- (h) variography was used as the basis for grade estimation using OK and applying a minimum of seven and maximum of 20 composites.
- (i) all variables were estimated with the same sample search approach and orientations;
- (j) a three dimensional block model was generated with a cell dimension of 20mE by 25mN by 5mRL for grade estimation and mineral resource reporting;
- (k) the bulk density determinations used for reporting the underground resource are derived from those used in the open pit resource set out above;
- (l) no material reported in the open pit mineral resource was reported in the underground mineral resource; and
- (m) extensive visual and statistical validation of the grade estimates was completed.

Mineral Reserves

The mineral resource calculated in September 2008 was used for the conversion to mineral reserves. The following table sets out the mineral reserve estimate as at November 2008 for the Santa Rita Project.

<u>Ore Source</u>	<u>ktonnes</u>	<u>Ni (%)</u>	<u>Recovered Ni (%)</u>	<u>Recovered Ni (ktonnes)</u>
Proven Reserve	15,049	0.650	0.431	64.9
Probable Reserve . .	105,944	0.593	0.420	445.4
Total Reserve	120,993	0.600	0.422	510.3
Total Material	996,089			

Notes:

- (1) Based on a nickel price of \$7.00 per pound.
- (2) Numbers may not add up due to rounding.
- (3) Strip ratio of 7.2

The key assumptions and parameters and methods used to estimate the mineral reserves for the open-pit mine are set out below:

- (a) a mine plan was developed for the Santa Rita Project to process 6.4 million tonnes of ore per year with a peak total material movement rate of 77.8 million tonnes per year;
- (b) Whittle Four-X pit optimisation software was applied in conjunction with Gemcom for the mining model preparation and actual optimisation runs;
- (c) pit shells were generated for nickel prices, ranging from US\$2.24/lb to US\$7.56/tonne, using the discounted technique, applying a discount rate of 8% every 75 vertical meters (5 benches per year);
- (d) Measured and Indicated mineral resources were used in the pit design as only those categories can be converted into mineral reserves while inferred mineral resources were treated as waste for mine planning purposes;
- (e) the optimisation was generated considering only nickel adding value to the resource model blocks and 5% ore loss and only optimized shells with sulphide as ore were selected as guides for mine designs;
- (f) the best, worst and average operational net present value (“NPV”) reported by the optimisation system, for an ore rate of 6,400 ktonnes per year and 8% discount rate was calculated;
- (g) pit shell 36 was selected for final pit design and generated, at the evaluating nickel price of US\$7.00 per pound, a small increase in the average NPV for a total contained mineral resource of 122.4 million tonnes of ore and recovered nickel of 516 ktonnes;

- (h) the final pit design was based on the economic shell generated at US\$5.88 per pound with variable slopes angle according to geotechnical domains, ranging from 39° to 56°;
- (i) the final pit design includes a single exit on the east side of the pit and two exits on the west side of the pit that allow independent access to the ROM-pad area, primary crusher and to the waste storage areas. The final pit is 2,300 meters long in the north-south direction and 1,250 meters wide in the east-west direction. The pit bottom is at the –410 meter elevation. The highest wall is about 750 meters on the west side. The total area disturbed by the pit is about 173 hectares;
- (j) for mine production schedule purposes a “recovered nickel” grade was calculated to take into account the effect of variable recoveries for nickel, as a function of the head grade and lithology types; and
- (k) at 0.12% “recovered nickel” cut-off grade, the final pit contains 127.4 million (120.9 after applying a 95% mining recovery rate) tonnes of ore at 0.605% nickel and 996.1 million tonnes of total material.

Mining Operations

Mining Method

The current mining plan is to exploit the Santa Rita sulphide nickel deposit by conventional open pit mining techniques using excavators of 10 cubic meter capacity and trucks with a capacity of 90 tonnes for the ore in five meter passes, and 16.5 cubic meter capacity excavators with 136 tonnes trucks capacity for the waste in 15 meters benches. Set out below is the mine production of ore for each mining year.

Mining Production Schedule

Mining Year	Mined Ore			Waste (Ktonnes)	Total Ktonnes	Strip Ratio	Mined Ore (Ktonnes)	
	Ore (Ktonnes)	Nickel (%)	Nickel (ktonnes)				Direct Tipping	To Stockpile
Y00	357	0.697	2.49	7,643	8,000	21.40	—	357
Y01	1,160	0.679	7.9	5,840	7,000	5.04	580	580
Y02	5,898	0.580	34.2	36,652	42,550	6.21	2,949	2,949
Y03	6,400	0.606	38.8	48,600	55,000	7.59	3,200	3,200
Y04	6,400	0.544	34.8	48,600	55,000	7.59	3,200	3,200
Y05	6,400	0.611	39.1	48,600	55,000	7.59	3,200	3,200
Y06	6,400	0.595	38.1	51,600	58,000	8.06	3,200	3,200
Y07	6,400	0.579	37.1	48,600	55,000	7.59	3,200	3,200
Y08	6,400	0.585	37.5	68,600	75,000	10.72	3,200	3,200
Y09	6,400	0.561	35.9	71,440	77,840	11.16	3,200	3,200
Y10	6,400	0.565	36.2	48,600	55,000	7.59	3,200	3,200
Y11	6,400	0.578	37.0	48,600	55,000	7.59	3,200	3,200
Y12	6,400	0.571	36.6	48,600	55,000	7.59	3,200	3,200
Y13	6,400	0.624	39.9	48,600	55,000	7.59	3,200	3,200
Y14	6,400	0.690	44.1	48,600	55,000	7.59	3,200	3,200
Y15	6,400	0.620	39.6	69,209	75,609	10.81	3,200	3,200
Y16	6,400	0.616	39.4	69,208	75,608	10.81	3,200	3,200
Y17	6,400	0.571	36.6	36,816	43,216	5.75	3,200	3,200
Y18	6,400	0.627	40.1	11,237	17,637	1.76	3,200	3,200
Y19	6,400	0.618	39.6	6,258	12,658	0.98	3,200	3,200
Y20	4,779	0.661	31.6	3,192	7,970	0.67	2,389	2,389
Total	120,993	0.600	726.4	875,096	996,089	7.23	60,318	60,675

The total of the mined ore will be hauled to a ROM-pad area close by the primary crusher for later rehandle and blending to feed the processing plant. It is been considered that 50% of the total plant feed will be rehandled and 50% for direct tipping.

The preproduction period requires the mining of 8 million tonnes of total material to expose sufficient ore to make it a reliable ore source for the start of commercial production in Year 1. The preproduction period will require approximately 15 months. The ore mined during preproduction will be stockpiled in the ROM-pad area near the primary crusher to make up part of Year 1 ore production.

The operations are planned to be performed and managed by the owner up to a maximum capacity of 55 million tonnes per year. The extra requirement, according to the mine schedule, is planned to be executed by mining contractors.

Markets and Contracts

The sale of all of the concentrate production from the Santa Rita Project will be pursuant to the Norilsk Offtake Agreement and Votorantim Offtake Agreement. See “*The Company — Financing*”.

Operating and Capital Costs

The estimated capital cost of the Santa Rita Project is US\$434 million, excluding sustaining capital and mining fleet. Sustaining capital for the process facility is estimated at US\$36.4 million and US\$35.9 million for the tailings facility, tax and closure. The mining fleet is estimated at US\$245 million over the life of the project.

<u>Area</u>	<u>US\$ (millions)</u>
Plant and Project Infrastructure	
Geology-Geotechnical	8.7
Engineering Consulting	30.5
Management & Technical Support	7.5
Mine/Plant Common Infrastructure	8.1
Equipment Supply	110.0
Materials Supply	34.2
Spares	2.9
Provisional Installations	10.7
Earthworks (inc Tailings Dam)/Civil Works	69.4
Electrical & Mechanical Assembly	46.7
Environment	9.8
Port Facilities	1.4
Personnel & General	17.6
Pre-operational Expenses — First Fills	7.7
Land Acquisition	10.1
Insurance	1.7
Freight	2.6
Materials/Consumables	18.7
Other	1.0
Contingency	6.8
Sub Total	<u>406.1</u>
Mine and Mine Infrastructure	
Pre-strip	17.6
Offices/Workshops	8.6
Minor Equipment	1.7
Sub Total	<u>27.9</u>
Total Project Capital	<u><u>434.0</u></u>

Based on an exchange rate of BRL\$2.2/US\$ and power costs of BRL\$0.14 per kilowatt hour the operating costs for the Santa Rita Project are estimated as follows:

<u>Item</u>	<u>Unit</u>	<u>Base Case</u>
Mining(Strip ratio 7.2:1)	US\$/t material moved	1.24 ⁽¹⁾
Process plant	US\$/t ore	7.30
General and administration	US\$/t ore	1.20
Transport and logistics	US\$/t ore	1.65
CFEM and landowner royalties (3.0%)	US\$/t ore	1.48
CBPM royalty (2.51%)	US\$/t ore	0.74
Tax on Operating Costs	US\$/t ore	0.22

Note:

(1) Includes mining cost component of US\$1.20 per tonne of material moved plus an additional US\$0.04 per tonne of material moved for the cost of contractor mining.

Economic Analysis

The economic analysis for the Santa Rita Project, using only Proven and Probable open pit mineral reserves, and based on a 21 year period (which includes 21 months of development and 19 years of operations) is set out below:

<u>Item</u>	
Throughput	6.4 Mt/a
Project life	19.0 years
Pre-tax	
NPV at a discount rate of 8%	\$997.7 million
Internal rate of return	35.2%
Payback period	3.1 years
After Tax	
NPV at a discount rate of 8%	\$731.6 million
Internal rate of return	34.9%
Payback period	3.1 years

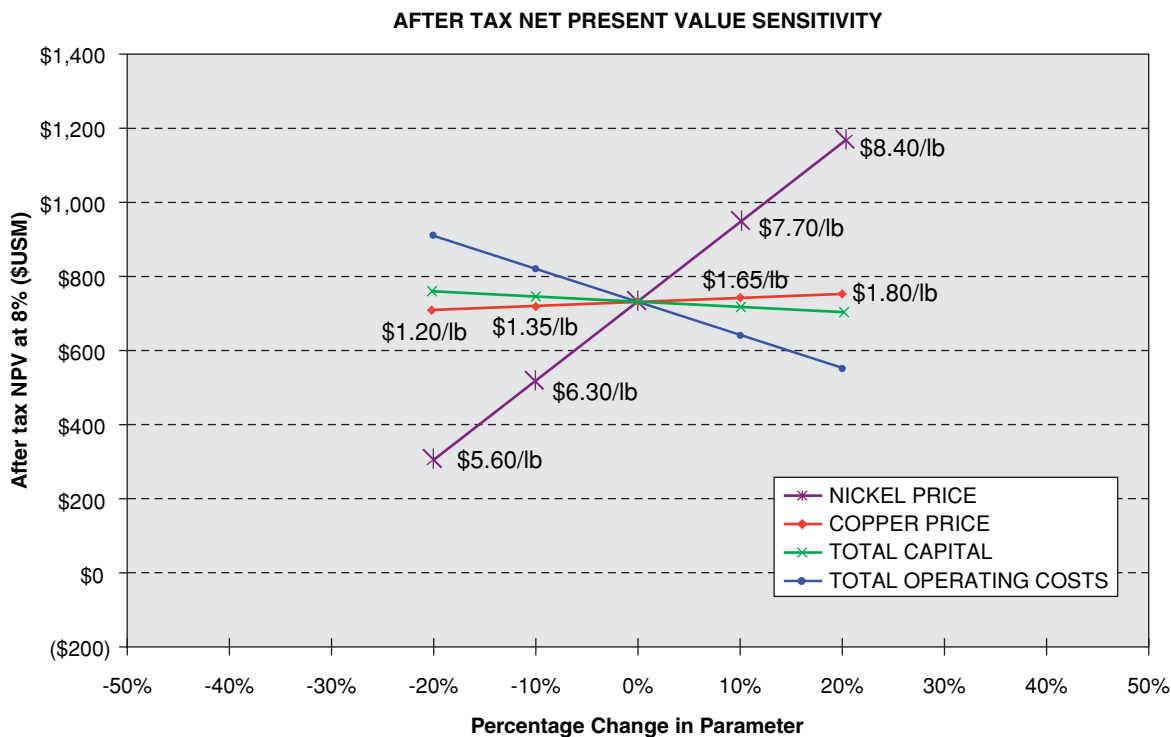
Notes:

- (1) Assuming a nickel price of US\$7.00/lb for the life of the project.
- (2) Assuming there is no escalation of either commodity prices or costs.
- (3) The NPV discounts the project's cashflow (including 100% of the future capital and operating costs) back to March 2009, after deducting liabilities at March 2009, estimated to be US\$270 million.

The economic analysis set out above has been completed on the following basis:

- all production will be shipped/sold in the period in which it is produced;
- production will be sold as a 13% nickel concentrate, 50% of which will be to smelters located outside Brazil;
- a nickel price of US\$7.00/lb for the life of the project;
- there is no escalation of either commodity prices or costs; and
- estimated cash costs per payable pound of nickel are US\$2.63 after by-product credits and US\$3.23 before by-product credits at an exchange rate of 2.2 Brazilian reais to one US dollar.

Sensitivity analyses have been conducted for the Santa Rita Project to assess the effects of changes in key parameters on the internal rate of return (“IRR”), NPV and the period required for payback of the initial capital both before and after taxation.



As indicated above, the Santa Rita Project is most sensitive to changes in the long term nickel price. The Santa Rita Project is also sensitive to changes in operating and capital costs, with each 10% variation changing the project’s NPV (at 8%) by US\$117.7 million for operating costs and US\$23.4 million for capital costs.

Cashflow

The projected cash flow for the Santa Rita Project, on an annual basis is set out below:

Year ⁽¹⁾	Operating Cash Flow (after taxes) (US\$'000)
2009	(742)
2010	43,913
2011	167,185
2012	198,361
2013	150,311
2014	156,895
2015	143,553
2016	135,799
2017	113,250
2018	92,662
2019	121,887
2020	123,878
2021	110,211
2022	111,342
2023	139,385
2024	108,906
2025	99,302
2026	108,529

<u>Year⁽¹⁾</u>	<u>Operating Cash Flow (after taxes) (US\$'000)</u>
2027	150,421
2028	152,773
2029	109,484
2030	—

Notes:

- (1) Each year being the 12 month period beginning April 1 and ending March 30.
- (2) Assuming a nickel price of US\$7.00/lb for the life of the project.
- (3) Assuming there is no escalation of either commodity prices or costs.

Payback and Mine Life

Based on the treatment of 6.4 million tonnes of ore per annum from the open pit to produce a 13.0% nickel concentrate, and before any debt funding but after tax, the mine is expected to pay back initial capital 3.1 years after commencement of production and will have a mine life of 19 years.

Exploration and Development

Exploration

Planned exploration will focus on the Mirabela and Palestina intrusions.

All previously identified near surface targets within the Fazenda Mirabela Intrusion have now been tested; however, potential for mineralisation at depth is considered to be excellent down dip of the known mineralisation.

As a result, exploration will focus on deep diamond drilling in and around the Santa Rita deposit. This drilling targets extensions to the host rocks known to contain nickel sulphides. These prospective host rocks are formed around the periphery of the gabbro unit of the Fazenda Mirabela intrusion and are known to extend beyond 1,000 meters deep.

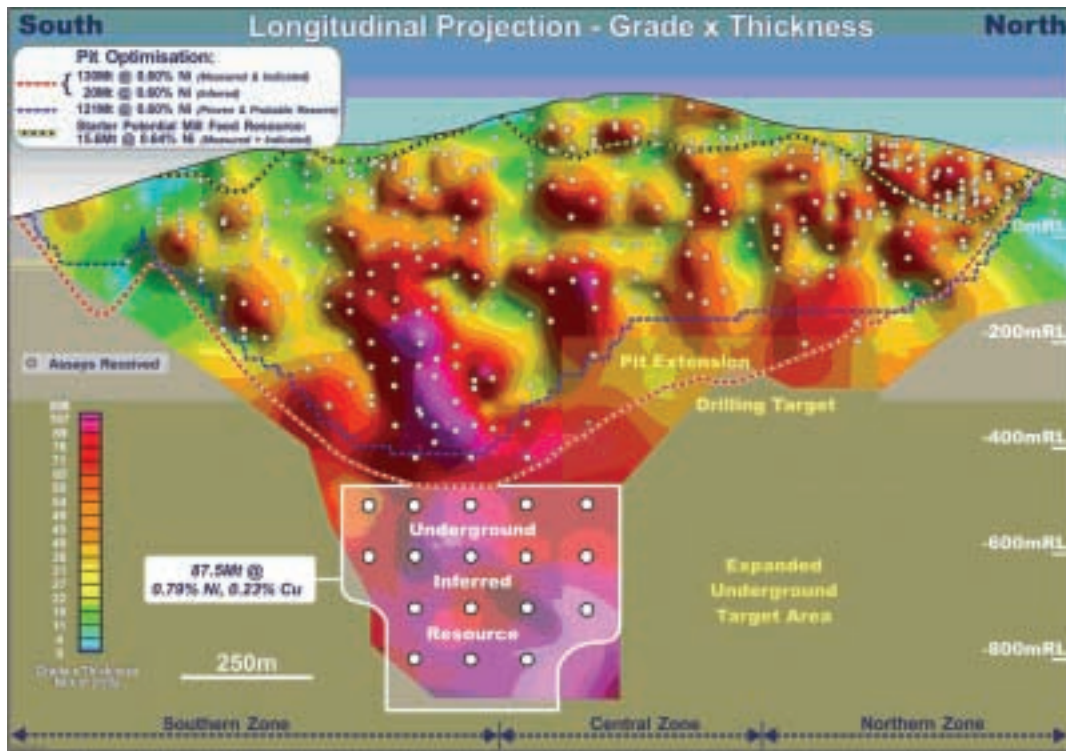
The Palestina target is located 25 kilometers to the south-southwest of the Santa Rita Project and 12 kilometers east of the town of Dário Meira, adjacent to highway BR030. To date, 25 diamond drill holes totalling 6,249.86 meters have been drilled with low grade nickel sulphides (>0.2% Ni) being intersected in 10 holes, the best result yielding 44 meters @ 0.29% Ni, 0.07% Cu, 0.60 g/t Au+Pd+Pt in MBP-014 (146 meters-190 meters). Further drilling is planned pending data integration following receipt of outstanding assays and soil geochemistry.

Development

The underground inferred mineral resource has a vertical extent of approximately 550 meters representing 160,000 tonnes of ore and 1,260 tonnes of contained nickel per vertical meter. The estimated nickel recovery for the underground resource is 76% and the estimated ore dilution is 6%.

Inferred mineral resources are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves.

The pit design, including the underground resource and drilling target is illustrated below:



A preliminary mining study has been completed in respect of the development of an underground mineral resource at the Santa Rita Project.

The proposed mining method for the underground project is sublevel open stoping. The optimal production rate is currently estimated at five million tonnes per annum. A five million tonnes per annum underground production capacity would require an expansion of the existing mill to approximately 11 million tonnes per annum. The Company will assess the possibility in due course as and when circumstances warrant.

The costs of the underground mine are currently estimated (to an accuracy of $\pm 30\%$) as follows:

Capital cost to full production	US\$235 million ⁽¹⁾
Capital cost over life of mine	US\$409 million ⁽²⁾
Sustaining Capital	US\$7.8 million (from Year 6)
Mining Costs (including development)	US\$31.30 per tonne of ore ⁽³⁾

Notes:

- (1) Excluding cost of any expansion of the existing mill to 11 million tonnes per annum.
- (2) Including \$104 million for sustaining capital and US\$20 million for mine closure costs but excluding the cost of any expansion of the existing mill to 11 million tonnes per annum.
- (3) Including a 20% contingency allowance.

It is estimated that full production would commence in Year 5 of development.

The costs set out above regarding an underground mine at the Santa Rita Project are preliminary in nature. There is no certainty that such cost estimates will prove to be accurate.

PLAN OF DISTRIBUTION

Subject to the terms and conditions of the Underwriting Agreement between the Company and the Underwriters, the Company has agreed to issue and sell, and the Underwriters have severally agreed to purchase, on March 19, 2009 or such other date as may be agreed upon by the Company and the Underwriters, but in any event no later than 42 days after the date of the receipt for this short form prospectus, all but not less than all of the Subscription Receipts offered hereunder at the Offering Price, payable in cash to the Escrow Agent against delivery. The obligations of the Underwriters under the Underwriting Agreement may be terminated at their discretion on the basis of the assessment of the state of the financial markets and upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all of the Subscription Receipts if any of the Subscription Receipts are purchased under the Underwriting Agreement. Under the terms of the Underwriting Agreement, the Underwriters are entitled to be indemnified by the Company against certain liabilities.

The TSX has conditionally approved listing of the Subscription Receipts and the Ordinary Shares issuable upon conversion of the Subscription Receipts on the TSX. Listing is subject to the Company fulfilling all of the requirements of the TSX including, in the case of the Subscription Receipts, distribution of the Subscription Receipts to a minimum number of public security holders on or before June 1, 2009.

The Offering Price was determined by negotiation between the Company and GMP on behalf of itself and the Underwriters.

On Closing of the Offering, the Escrowed Proceeds will be delivered to and held by the Escrow Agent and invested in short term investment grade debt obligations. The Escrowed Funds (less the Underwriters' Commission which shall be paid to the Underwriters) shall be released from escrow to the Company upon: (1) the Company obtaining Shareholder Approval; (2) the Company entering into the Amended Senior Loan Agreement for the Revised Senior Loan on substantially the terms set forth herein the amount of which (assuming funds are advanced thereunder), in combination with the gross proceeds from the Offering and the Concurrent Private Placement, is not less than US\$290 million; (3) the satisfaction of all conditions precedent to the advance of the Revised Senior Loan, other than those conditions which in the opinion of the Company, are of an administrative or routine nature to be satisfied as a matter of course; and (4) the Company and GMP, on its own behalf and on behalf of the other Underwriters, acting reasonably, having delivered a joint notice to the Escrow Agent confirming that: (i) all regulatory and other approvals required in respect of the Offering have been obtained; and (ii) all escrow release conditions have been met or waived (collectively, the "**Release Conditions**"). In the event the Concurrent Private Placement is terminated, the Company may, but is not obligated to, arrange alternative equity financing on the same or more favourable terms as the Concurrent Private Placement in order to satisfy the Release Conditions discussed above.

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriters' Commission of 5% of the gross proceeds of the Offering (\$0.05 per Subscription Receipt) for an aggregate commission of \$6 million. The Underwriters' Commission is payable upon satisfaction of the Release Conditions. In addition, the Company has agreed to pay the Work Fee of approximately \$324,000. The Company also agreed to reimburse the Underwriters for their expenses related to the Offering. The Underwriters' expenses and the Work Fee are payable on closing of the Offering. If the Release Conditions are not satisfied on or before the Release Deadline or another Termination Event occurs, the Underwriters' Commission will not be paid.

The terms of the Offering were negotiated by Mirabela and GMP. GMP negotiated its engagement by Mirabela and subsequently approached the other Underwriters and requested that they participate as members of the syndicate in connection with the Offering.

The Company is a "connected issuer" of Dundee Securities Corporation, one of the Underwriters, for the purposes of applicable securities laws. Based on information provided by Dundee Securities Corporation, Dundee Securities Corporation, the directors, officers, employees and affiliates thereof, including but not limited to Goldman & Company, Investment Counsel Ltd. on behalf of mutual funds or client accounts managed by it, and associates of each of them (collectively, the "**Dundee Group**") own or control, as of the close of business on March 11, 2009, in aggregate, 25,954,208 ordinary shares of Mirabela representing 19.99% of the issued and outstanding ordinary shares of Mirabela and 17.91% of the ordinary shares on a fully diluted basis.

Affiliates of Dundee Securities Corporation that, in part comprise the Dundee Group, intend to purchase 20 million Subscription Receipts. As a result, after giving effect to the Offering and Concurrent Private Placement, and upon conversion of the Subscription Receipts into Ordinary Shares, the Dundee Group will own or control 45,954,208 Ordinary Shares representing 16.28% of the then issued and outstanding Ordinary Shares.

The Offering was not required by, suggested by or made subject to the consent of the Dundee Group.

None of the proceeds of the Offering will be applied to the benefit of Dundee Securities Corporation or any affiliates thereof except to the extent that they receive a pro rata benefit as a holder of the Ordinary Shares and will receive a portion of the Work Fee and Underwriters' Commission payable by Mirabela to the Underwriters in connection with the Offering.

In the event the Offering is not completed by reason of the Company completing an Alternative Financing Transaction (as defined below) prior to August 11, 2009, and: (i) the Underwriters would have likely been able to complete the Offering at a reasonable price on the terms and conditions contained herein; and (ii) the Company chooses not to complete the Offering but completes an Alternative Financing Transaction, the Company shall pay the Underwriters a fee of \$1.5 million on completion of such Alternative Financing Transaction.

For this purpose, an "**Alternative Financing Transaction**", means: (i) the issuance of securities of the Company or its subsidiaries in excess of 20% of the total value or number of securities currently outstanding on a fully-diluted basis; or (ii) the issuance of debt, convertible debt or other debt or other debt related instrument (other than the Senior Loan, Revised Senior Loan and the Leasing Facility) in an amount exceeding \$30 million.

Upon satisfaction of the Release Conditions, the Escrowed Funds (except the Underwriters' Commission which shall be paid to the Underwriters) shall be released to the Company. If the Release Conditions are not satisfied on or before the Release Deadline, the Escrow Agent and the Company will return to the holders of the Subscription Receipts on the Termination Date an amount equal to the aggregate Offering Price of the Subscription Receipts held by them and a *pro rata* share of interest earned thereon. The Company shall be responsible and liable to the holders of the Subscription Receipts for any shortfall between the Offering Price and the Escrowed Funds.

The Company intends to, concurrently with the Offering, complete the Concurrent Private Placement of up to approximately 32,400,000 Ordinary Shares at the Australian dollar equivalent of the Offering Price for gross proceeds to the Company of up to approximately C\$32.4 million. The Concurrent Private Placement will be conducted outside of Canada, principally in Australia and Asia, on a private placement basis without preparation of a prospectus or registration statement. The Placement Commission will be paid to certain Australian registered investment banks (which may include Australian affiliates of one or more of the Underwriters) for services rendered in connection with the Concurrent Private Placement. This short form prospectus does not qualify the distribution of the Ordinary Shares issued pursuant to the Concurrent Private Placement. The Concurrent Private Placement is to be completed on a deferred settlement basis. Subscriptions for Ordinary Shares will be accepted by the Company concurrently with the completion of the Offering. However, subscribers will only pay for the Ordinary Shares and the Ordinary Shares will only be issued until the Release Conditions are satisfied. If the Release Conditions are not satisfied by 5:00 p.m. (Perth time) on April 24, 2009, the subscriptions will automatically terminate, unless such date is extended by mutual agreement. The Concurrent Private Placement has been conditionally approved by the TSX, provided the Concurrent Private Placement is completed within 60 days of the Closing Date of the Offering and subject to the Company satisfying certain routine requirements.

Pursuant to policies of certain Canadian Securities regulators, the Underwriters may not, throughout the period of distribution, bid for or purchase Subscription Receipts or Ordinary Shares. The foregoing restrictions are subject to certain exceptions. The Underwriters may only avail themselves of such exceptions if the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Subscription Receipts or Ordinary Shares. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules for Canadian Marketplaces of the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Pursuant to the first mentioned exception, in connection with the Offering, the Underwriters may effect transactions which stabilize, maintain or support the market price of the Subscription Receipts or

Ordinary Shares at levels above those which otherwise might prevail on the open market. Such transactions consist of bids or purchases made for the purpose of preventing or mitigating a decline in the market price of the Subscription Receipts or Ordinary Shares and, if commenced, such transactions may be discontinued at any time and shall not continue beyond a limited period after the closing of the Offering. No such transactions will be conducted by the Underwriters in Australia or with persons resident in Australia.

Subscriptions will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice.

The Closing Date, which is expected to occur on or about March 19, 2009 or such later date as the Company and the Underwriters may agree, but in any event no later than 42 days after the date of the receipt for this short form prospectus.

It is expected that one or more global certificates for the Subscription Receipts distributed by this short form prospectus in Canada will be issued in registered form to CDS and will be deposited with CDS on the Closing Date. No certificate evidencing the Subscription Receipts will be issued to Canadian resident purchasers, except in certain limited circumstances, and registration will be made in the depository service of CDS. Canadian resident purchasers of the Subscription Receipts will receive only a customer confirmation from the Underwriters or other registered dealer who is a CDS participant and from or through whom a beneficial interest in the Subscription Receipts is purchased. Certificates representing the Subscription Receipts distributed under this short form prospectus in the United States will be available for delivery at closing.

The Subscription Receipts and the Ordinary Shares issuable upon exercise of the Subscription Receipts have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”) or any state securities laws. Accordingly, the Subscription Receipts and Ordinary Shares issuable upon exercise may not be offered or sold within the United States or to, or for the account or benefit of, a U.S. Person (as defined in Regulation S under the U.S. Securities Act), except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. The Underwriting Agreement permits the Underwriters to offer and resell the Subscription Receipts they have acquired pursuant to the Underwriting Agreement to certain “qualified institutional buyers” in the United States, provided such offers and sales are made in compliance with Rule 144A under the U.S. Securities Act. The Underwriting Agreement also permits the Underwriters to offer the Subscription Receipts for sale directly by the Company to certain institutional “accredited investors” that satisfy the requirements of Rule 501(a)(1), (2), (3) or (7) under the U.S. Securities Act, provided such offers and sales are made in compliance with Rule 506 of Regulation D under the U.S. Securities Act. In addition, until 40 days after the commencement of this Offering, any offer or sale of the Subscription Receipts offered hereby within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act unless made pursuant to an exemption from the registration requirements of the U.S. Securities Act.

The Company has agreed with the Underwriters that, without the prior written consent of GMP (on behalf of the Underwriters), it will not, and will not announce any intention to, directly or indirectly, issue any Ordinary Shares, or financial instruments convertible into or exercisable or exchangeable for Ordinary Shares, other than pursuant to: (a) the Concurrent Private Placement; (b) the exercise of convertible securities or warrants outstanding on the date hereof; or (c) the grant or exercise of options and other similar issuances pursuant to any existing share incentive plan of the Company and other existing share compensation arrangements or a new share incentive plan approved by shareholders, for a period of 90 days subsequent to the Closing Date.

The Underwriters propose to offer the Subscription Receipts to the public initially at the Offering Price set forth on the cover page of this short form prospectus. Without affecting the firm obligation of the Underwriters to purchase from the Company Subscription Receipts at a price of \$1.00 per Subscription Receipt in accordance with the Underwriting Agreement, after the Underwriters have made a reasonable effort to sell all of the Subscription Receipts offered hereby at the price specified herein, the Offering Price to the public may be decreased and further changed from time to time to an amount not greater than the Offering Price specified herein. Such decrease in the Offering Price to the public will not affect the compensation of \$0.05 per Subscription Receipt to be paid by the Company to the Underwriters, and it will not decrease the amount of the net proceeds of the Offering to the Company. The Underwriters will inform the Company if the Offering Price to the public is decreased.

The Offering is being made concurrently in all of the provinces of Canada other than Québec. In addition, the Underwriters may offer the Ordinary Shares outside of Canada, subject to compliance with the local securities law requirements.

The TSX has conditionally approved the listing of the Subscription Receipts and the Ordinary Shares issuable upon conversion of the Subscription Receipts on the TSX. Listing will be subject to Mirabela fulfilling all of the listing requirements of the TSX including, in the case of the Subscription Receipts, distribution of the Subscription Receipts to a minimum number of public security holders, on or before June 1, 2009. In accordance with the listing rules of the ASX, upon satisfaction of the Release Conditions, Mirabela will apply for official quotation of the Ordinary Shares issuable upon conversion of the Subscription Receipts on the ASX. **There is currently no market through which the Subscription Receipts may be sold and purchasers may not be able to resell Subscription Receipts purchased under this short form prospectus.**

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Lawson Lundell LLP, the following summary, as of the date hereof, describes the principal Canadian federal income tax considerations generally applicable under the Tax Act to a subscriber who at all relevant times is resident or is deemed to be resident in Canada for purposes of the Tax Act, acquires Subscription Receipts pursuant to the Offering and who, for purposes of the Tax Act and at all relevant times, holds the Subscription Receipts and the Ordinary Shares issuable pursuant to the Subscription Receipts (collectively, the “**Securities**”) as capital property and deals at arm’s length with, and is not affiliated with, either the Company or the Underwriters. Generally speaking, the Securities will be considered to be capital property to a holder provided the holder does not hold the Securities in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure in the nature of trade.

This summary is not applicable to: (i) a holder that is a “financial institution”, as defined in the Tax Act for purposes of the mark-to-market rules; (ii) a holder of an interest which would be a “tax shelter investment” as defined in the Tax Act; or (iii) a holder that is a “specified financial institution” as defined in the Tax Act; or (iv) a holder in relation to which the Company is a “foreign affiliate” as defined in the Tax Act. **Any such holder should consult its own tax advisor with respect to an investment in the Securities.**

This summary is based upon the provisions of the Tax Act and the regulations thereto (the “**Regulations**”) in force as of the date hereof, all specific proposals to amend the Tax Act and/or the Regulations that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Proposed Amendments**”) and counsel’s understanding of the current published administrative and assessing practices of the Canada Revenue Agency (the “**CRA**”). This summary assumes the Proposed Amendments will be enacted in the form proposed, however, no assurance can be given that the Proposed Amendments will be enacted in their current form, or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposed Amendments, does not take into account any changes in the law, whether by legislative, government or judicial action, nor does it take into account provincial, territorial or foreign tax considerations, which may differ significant from those discussed herein.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any prospective purchaser or holder of Securities, and no representations with respect to the income tax consequences to any prospective purchaser or holder are made. Consequently, prospective holders of Securities should consult their own tax advisors with respect to their particular circumstances.

For purposes of the Tax Act, all amounts relative to the acquisition, holding or disposition of Securities (including dividends, adjusted cost base and proceeds of disposition) must be expressed in Canadian dollars. Amounts denominated in a foreign currency must be converted to an amount expressed in Canadian dollars using the rate of exchange quoted by the Bank of Canada at noon on the day on which the amount first arose or such other rate of exchange as is acceptable to the CRA.

Conversion of Subscription Receipts

No gain or loss will be realized by a holder on the conversion of Subscription Receipts into Ordinary Shares.

The cost of an Ordinary Share issued to a holder of a Subscription Receipt acquired pursuant to the Offering will be equal to the cost of the Subscription Receipt to the holder immediately prior to the issuance. The adjusted cost base to the holder of Ordinary Shares so acquired will be determined by averaging the cost of such Ordinary Shares with the adjusted cost base of all other Ordinary Shares owned at that time by the holder as capital property.

Termination of Subscription Receipts

In the event that the Release Conditions are not satisfied by the Release Deadline or another Termination Event occurs, holders of Subscription Receipts will be entitled to receive from the Company and the Escrow Agent an amount equal to the aggregate Offering Price of the Subscription Receipts purchased by them plus their *pro rata* share of the interest earned on the Escrowed Funds. In that event, the amount of such interest received or receivable by a holder of Subscription Receipts (depending on the method regularly followed by the holder in computing income) must be included in the income of the holder. Foreign withholding tax payable by a holder in respect of any such interest may be eligible for a foreign tax credit or deduction under the Tax Act to the extent and under the circumstance described in the Tax Act. Holders should consult their own tax advisors with respect to the availability of a foreign tax credit or deduction, having regard to their own particular circumstances.

Other Dispositions of Subscription Receipts

A disposition or deemed disposition by a holder of a Subscription Receipt, other than on the conversion thereof into an Ordinary Share or a disposition of the Subscription Receipt to the Company in the event the Release Conditions are not satisfied by the Release Deadline or another Termination Event occurs, will generally result in the holder realizing a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition exceed (or are less than) the aggregate of the holder's adjusted cost base thereof and any reasonable costs of disposition.

Dividends on Ordinary Shares

The full amount of dividends received or deemed to be received by a holder on the Ordinary Shares, including amounts deducted for foreign withholding tax, if any, will be included in computing the holder's income. For an individual (including a trust) the gross-up and dividend tax credit rules in the Tax Act will not apply to such dividends. A holder that is a corporation will not be entitled to deduct the amount of such dividends in computing its taxable income. A holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6 $\frac{2}{3}$ % in respect of its "aggregate investment income" for the year, which will include such dividends. Foreign withholding tax payable by a holder in respect of dividends received on the Ordinary Shares may be eligible for a foreign tax credit or deduction under the Tax Act to the extent and under the circumstances described in the Tax Act. Holders should consult their own tax advisors with respect to the availability of a foreign tax credit or deduction, having regard to their own particular circumstances.

Dispositions of Ordinary Shares

In general, a disposition or a deemed disposition of an Ordinary Share will give rise to a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Ordinary Share, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the holder of the Ordinary Share immediately before the disposition.

Tax Treatment of Capital Gains and Capital Losses

Generally, one-half of any capital gain realized by a holder in a taxation year will be included in computing the holder's income in such year. One-half of any capital loss realized by a holder in a taxation year normally may be deducted as an allowable capital loss by the holder against taxable capital gains realized by the holder in the year. Any allowable capital loss not deductible in the year it is realized generally may be carried back and deducted against taxable capital gains in any of the three preceding years or carried forward and deducted against taxable capital gains in any subsequent year (in accordance with the rules contained in the Tax Act).

Capital gains realized by an individual will be relevant in computing possible liability for the alternative minimum tax.

The amount of any capital loss realized on the disposition or deemed disposition of an Ordinary Share by a holder that is a corporation may be reduced by the amount of dividends received by the holder on the Ordinary Share to the extent and in the circumstances specified in the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Ordinary Shares and where a trust is a member of a partnership that owns Ordinary Shares or a partnership or trust is a beneficiary of a trust that owns Ordinary Shares. Holders to whom these rules may be relevant should consult their own tax advisors.

A holder that is, throughout the relevant taxation year, a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay, in addition to the tax otherwise payable under the Tax Act, a refundable tax of 6 $\frac{2}{3}$ % of its “aggregate investment income” for the year which is defined to include taxable capital gains.

Proposals Regarding Foreign Investment Entities

Under legislation tabled by the Minister of Finance (Canada), amendments to the Tax Act had been proposed regarding the taxation of certain interests in non-resident entities that are “foreign investment entities” (the “**FIE Proposals**”) generally applicable for taxation years commencing after 2006. Although the FIE Proposals died when Parliament was dissolved on September 7, 2008, this portion of the summary assumes that the FIE Proposals will be reintroduced and enacted as last proposed.

Pursuant to the FIE Proposals, where a holder holds a “participating interest” (such as a share), that is not an “exempt interest” in a corporation that is a “foreign investment entity” (a “**FIE**”) at the corporation’s tax year-end, the holder would be required to take into account in computing income for the holder’s taxation year that includes such taxation year-end: (i) an amount based on a prescribed rate of return on the “designated cost” of such participating interest held by the holder at the end of each month ending in the holder’s taxation year at which time the participating interest is held by the holder; (ii) in certain limited circumstances, any gains or losses accrued on such participating interest for the year; or (iii) in certain limited circumstances, the holder’s proportionate share of the FIE’s income (or loss) for the year, calculated using Canadian tax rules.

Under the FIE Proposals, a corporation will not be a FIE if the “carrying value” of all of its “investment property” is not greater than one-half of the “carrying value” of all its property or if, throughout the taxation year, its principal undertaking is carrying on of a business that is not an “investment business” within the meaning of those terms in the FIE Proposals. Provided the carrying value test is met at the end of a taxation year of the Company then the Company will not be a FIE for such taxation year.

The determination of whether or not the Company is a FIE must be made on an annual basis at the end of each taxation year of the Company and no assurances can be given that the Company will not be a FIE at the end of any of its taxation years. In the event that the FIE Proposals are enacted as last proposed and do apply to the Ordinary Shares, a holder may be required to include in income for each taxation year an amount of income or gains computed in accordance with the FIE Proposals, regardless of whether or not the holder actually receives any income or realizes any gains relating to such Ordinary Shares.

The FIE Proposals are complex and have been subject to extensive commentary and amendment. No assurances can be given that the FIE Proposals will be enacted in the form last proposed. Holders should consult their own tax advisors regarding the potential application of the FIE Proposals in their particular circumstances.

Foreign Property Information Reporting

A holder of Ordinary Shares who is a “specified Canadian entity” for a taxation year or a fiscal period and whose total cost amount of “specified foreign property”, including such Ordinary Shares, at any time in the year or fiscal period exceeds Cdn. \$100,000 will be required to file an information return for the year or fiscal period disclosing prescribed information, including the cost amount and any income in the taxation year, in respect of such property.

Subject to certain exceptions, a taxpayer resident in Canada in the year will be a “specified Canadian entity”. Holders are encouraged to consult their own tax advisors as to whether they must comply with these rules.

CERTAIN AUSTRALIAN INCOME TAX CONSIDERATIONS

The following summary, as of the date of this short form prospectus, is a summary of the principal Australian federal income tax considerations generally applicable under Australian tax laws and practices (“**Australian Tax Laws**”) to a subscriber who acquires Subscription Receipts pursuant to the Offering and who, for purposes of the Australian Tax Laws and at all relevant times, holds the Securities on capital account and who deals at arm’s length with, and is not affiliated with, either the Company or the Underwriters.

This summary is based upon counsel’s understanding of the Australian Tax Laws in force as of the date of this short form prospectus. Any changes in the laws or interpretation of tax laws subsequent to the date of this short form prospectus may alter the information below.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any prospective purchaser or holder of Securities, and no representations with respect to the income tax consequences to any prospective purchaser or holder are made. Consequently, prospective holders of Securities should consult their own tax advisors with respect to their particular circumstances.

Taxation of Holders of Subscription Receipts Resident in Canada

This portion of the summary applies to holders of Securities who, for the purpose of Australian Tax Laws and at all relevant times, are, and are deemed to be, resident in Canada.

Conversion of Subscription Receipts

The conversion of Subscription Receipts into Ordinary Shares is unlikely to give rise to any adverse Australian income tax issues for Canadian residents who acquire the Subscription Receipts which are subsequently converted into Ordinary Shares. That is, there should be no Australian gain or loss realized by a holder on the issuance of an Ordinary Share pursuant to the conversion of a Subscription Receipt.

Termination of Subscription Receipts

If a Termination Event occurs and the purchase price of the Subscription Receipts is refunded to the Canadian holders of those Subscription Receipts along with their proportionate share of any interest accrued on those funds, then to the extent that any interest is not derived from an Australian source there would be no Australian withholding tax issues. However, to the extent that any interest is derived from an Australian source and paid to a non-Australian resident, this interest component is likely to be subject to Australian withholding tax of 10%.

Other Dispositions of Subscription Receipts

Similarly, a disposition or deemed disposition of the Subscription Receipts, other than on the conversion thereof into an Ordinary Share or a disposition of the Subscription Receipt to the Company in the event the Release Conditions are not satisfied by the Release Deadline or another Termination Event occurs, is unlikely to give rise to an Australian tax issue.

Dividends on Ordinary Shares

Fully franked dividends paid by a company resident in Australia to non-resident shareholders are generally not subject to withholding tax. Unfranked dividends paid to non-resident shareholders will generally be subject to withholding tax at a rate of 30% on the unfranked component of the dividend paid. The withholding tax rate is generally reduced to 15% (lower for certain countries) where there is an applicable double tax treaty. The provisions of the *Australia — Canada Income Tax Convention (1980)* (the “**Australian/Canadian Double Tax Agreement**”) provides that the rate of dividend withholding tax for non-residents who have a non-portfolio interest in a company resident in Australia, (being at least a 10% interest in the company), is 5%. For non-residents who hold less than a 10% interest in the target company (portfolio investments), the rate of dividend withholding tax is 15%. Where a withholding tax applies the Company will be required to deduct the appropriate amount of withholding tax prior to making the dividend payment.

The Australian income tax system does contain one important exemption from the withholding tax system for unfranked dividends that are declared to be conduit foreign income (“CFI”). In broad terms, CFI is foreign

income not otherwise taxable in Australia and under the CFI measures, an Australian company may pay this income to foreign shareholders free of Australian withholding tax.

Dispositions of Ordinary Shares

Canadian shareholders in the Company will be subject to the provisions of the Australian/Canadian Double Tax Agreement. The provisions of the Australian/Canadian Double Tax Agreement provide that the Australian law applies only to tax gains on the disposal of shares by Canadian residents, if the Company wholly or principally holds an interest in Australia that is classified as real property. This means that pursuant to the Australian/Canadian Double Tax Agreement and the domestic provisions, if 50% or more of the Company's assets are attributable to real property located in Australia, Canadian shareholders who hold at least a 10% direct or indirect interest in the Company may be subject to Australian capital gains tax upon disposal of shares in the Company.

Non-Australian resident shareholders must seek specific advice in respect of their particular circumstances with respect to Australian capital gains tax on the disposal of shares in the Company.

Taxation of Holders of Subscription Receipts Resident in Australia

This portion of the summary applies to holders of Securities who, for the purpose of Australian Tax Laws and at all relevant times, are, and are deemed to be, resident in Australia.

Conversion of Subscription Receipts

The conversion of Subscription Receipts into Ordinary Shares is unlikely to give rise to any adverse Australian income tax issues for Australian residents. That is, there should be no Australian gain or loss realized by a holder on the issuance of an Ordinary Share pursuant to the conversion of a Subscription Receipt.

Termination of Subscription Receipts

If a Termination Event occurs and the purchase price of the Subscription Receipts is refunded to the Australian holders of those Subscription Receipts along with their proportionate share of any interest accrued on those funds, then to the extent that interest is derived from an Australian source, the interest will not be subject to any withholding tax and will be included in holder's assessable income. However, to the extent that any interest is derived from a non-Australian source and paid to an Australian resident then this interest component is likely to be subject to the relevant country's rate of withholding tax. The foreign sourced interest income will be included in an Australian resident's assessable income with a credit available for any withholding tax paid on that income.

Other Dispositions of Subscription Receipts

A disposition or deemed disposition of Subscription Receipts, other than on the conversion thereof into an Ordinary Share or a disposition of the Subscription Receipt to the Company in the event the Release Conditions are not satisfied by the Release Deadline or another Termination Event occurs, is likely to give rise to an Australian capital gains issue. In broad terms, any taxable gain or loss will be based on the amount received or deemed to have been received for the Subscription Receipts less the amount paid to acquire those Subscription Receipts. In this instance, because the Subscription Receipts are unlikely to have been held for more than 12 months any capital gain is unlikely to be eligible for the general capital gains discount which is available to individuals or trustees.

Dividends on Ordinary Shares

Broadly, dividends paid on the Ordinary Shares may be "franked" or "unfranked". Franked dividends have franking credits attached. These credits represent underlying Australian corporate tax that has been paid on the profits distributed. To the extent a dividend is "unfranked" no franking credits are attached.

Australian resident shareholders will include dividends together with any attached franking credits in their assessable income. A tax offset will be allowed equal to the amount of franking credits attached to the dividend.

Generally, to be eligible for the franking credit and tax offset, the shareholder must have held the shares at risk for 45 days (not counting the day of acquisition or disposal). However, this rule should not apply where the tax offset entitlement does not exceed A\$5,000 in respect of all dividends received during the income year in which the dividend is paid.

Individual shareholders and complying superannuation funds may receive a tax refund if the franking credits attached to the dividend exceed their tax liability for the income year.

Where the shareholder is a corporate entity, the shareholder will not be entitled to a refund for any franking credits that exceed their tax liability for the income year but may be entitled to a tax loss for the excess franking credits and this loss can be carried forward to be offset against taxable income in a later year. The receipt of a franked dividend will also generally give rise to a credit in the corporate entity's franking account to the extent the dividend is franked.

Dispositions of Ordinary Shares

Australian resident shareholders who hold their Ordinary Shares on capital account will be taxed under the Australian capital gains tax provisions. An Australian resident shareholder will incur a capital gain where the proceeds received on disposition exceed the cost base of the Ordinary Shares disposed of. Any net capital gain (after recoupment of capital losses) is included in the shareholder's assessable income.

Similarly, a shareholder will incur a capital loss on the disposition of an Ordinary Share where the proceeds of disposition received are less than the reduced cost base of the Ordinary Share for capital gains tax purposes. Capital losses can only be used to offset current year capital gains or carried forward to offset future capital gains.

Tax Treatment of Capital Gains and Capital Losses

A capital gains discount may apply to reduce the amount of net capital gains that might otherwise be included in a shareholder's assessable income.

For shareholders that are individuals and trustees (other than trustees of complying superannuation funds) a 50% capital gains tax discount is available if the shares are held for at least 12 months. This concession will result in only 50% of the capital gain (after recoupment of capital losses) being assessable.

For complying superannuation funds a 33 $\frac{1}{3}$ % capital gains discount is available if the Ordinary Shares are held for at least 12 months. This concession will result in only 66 $\frac{2}{3}$ % of the capital gain (after recoupment of capital losses) being assessable.

RISK FACTORS

There are a number of risks that may have a material and adverse impact on the future operating and financial performance of Mirabela and the value of the Ordinary Shares. These include risks that are widespread risks associated with any form of business and specific risks associated with Mirabela's business and its involvement in the exploration and mining industry generally and in Brazil in particular. While most risk factors are largely beyond the control of Mirabela and its directors, the Company will seek to mitigate the risks where possible, for example by maintaining its key relationships with Brazil's federal and regional governments and local people. However, investment in the Subscription Receipts is considered speculative due to the nature of Mirabela's business and the present stage of its development. A prospective investor should carefully consider in light of their own financial circumstances, the factors set out herein, as well as other information contained or incorporated by reference in this short form prospectus, including, in particular, the "**Risk Factors**" section of the Annual Information Form and the management's discussion and analysis of financial condition and results of operations incorporated by reference.

Changes in the terms of the Revised Senior Loan

As of the date hereof, the Amended Senior Loan Agreement has not been executed. Although management believes that the material terms have been settled as between the various parties, there can be no assurance that the terms of the final Amended Senior Loan Agreement will be as described in this short form prospectus. The Company's current financial condition and the general condition of the credit markets may

reduce the Company's ability to negotiate favourable or reasonable terms. As a result, the final Amended Senior Loan Agreement may ultimately contain provisions that are more onerous, as compared to those described herein.

In addition, although syndication of the Revised Senior is to be completed as soon as practical after funding of the Revised Senior Loan the terms of the Revised Senior Loan may be revised to achieve "successful syndication". More particularly, to achieve "successful syndication", the Lenders are entitled to change: (i) the pricing of the Revised Senior Loan (including increasing the interest rate margin or the arrangement fee); and (ii) the structural terms of the Revised Senior Loan, in each case, as required to achieve "successful syndication". "Successful syndication" means the reduction in the commitments of each Lender by at least 25% of its initial commitment.

The Lenders are obligated to consult with the Company in the exercise of their rights as described above, however any such changes to the Revised Senior Loan are not subject to the Company's approval. There can be no assurance that the Lenders will not exercise any of their rights, as set out above and that such exercise will not have a material adverse effect on the Company and its financial condition.

Changes in the terms of the Leasing Facility

The Leasing Facility is to be formally documented in the Facility Documents, which have not yet been executed. There can be no assurance that the final Facility Documents will contain provisions similar to those described herein, or will not contain provisions that are less favourable to the Company than those described herein

In addition, Caterpillar Financial intends to syndicate up to US\$30 million of the Leasing Facility and is entitled to make changes to the pricing and structure of the Leasing Facility (subject to limitations to be determined by the parties), in order to achieve a successful syndication (such changes applying only to the syndicated portion of the facility). There can be no assurance that such changes to the pricing and structure of the Leasing Facility will not have an adverse effect on the Company and its financial condition.

Revised Senior Loan Not Available

The Lenders' obligation to advance the Revised Senior Loan (in whole or in part), is subject to a number of conditions precedent. These conditions precedent must either be satisfied or waived by the Lenders before the Revised Senior Loan, or any part thereof, will be advanced to the Company.

Although the Escrowed Funds may not be released until, among other things, management is of the opinion, that all conditions precedent to the advance of the Revised Senior Loan have been satisfied other than those of an administrative or routine nature to be satisfied as a matter of course, there can be no assurance that such conditions will be satisfied or waived. If such conditions are not satisfied or waived the Revised Senior Loan will not be advanced to the Company.

In addition, the Revised Senior Loan will contain a number of covenants and conditions, which if not satisfied by the Company could result in the Revised Senior Loan, to the extent then not fully drawn by the Company, no longer being available (at all, or until such breach is cured).

If the Revised Senior Loan is not available to the Company, for any reason whatsoever, the Company could be forced to defer development of the Santa Rita Project as currently planned and the Company may be required to realize assets and extinguish liabilities other than in the normal course of business and will not be able to continue as a going concern.

Concurrent Private Placement is Terminated

Macquarie Capital Advisers Limited and Argonaut Securities Pty Limited (together the "**Placement Agents**") are being engaged by the Company for the purposes of the Concurrent Private Placement under an offer management agreement to be dated on or about March 13, 2009 (the "**OM Agreement**"). The obligations of the individual subscribers under the Concurrent Private Placement are irrevocable. However the obligations of such subscribers will terminate, if the Placement Agents terminate the OM Agreement for any reason. The Placement Agents will have the right to terminate the OM Agreement in certain circumstances, including but not limited to, a breach of the OM Agreement by the Company, certain actions by the Company such as an

alteration of share capital or a change in management, the commencement of regulatory action, and the occurrence of a material adverse change or disruption in the financial markets of Australia, the United States, the United Kingdom or Japan that the Placement Agents have reasonable grounds to believe will have a material adverse effect on the Concurrent Private Placement.

In addition, it will be a term of the Concurrent Private Placement that subscriptions terminate if the Release Conditions have not been satisfied by 5:00 p.m. (Perth time) on April 24, 2009 unless such date is extended by mutual agreement.

There can be no assurance that the Release Conditions will be satisfied by April 24, 2009. If the Release Conditions are not satisfied by that time, and the participants in the Concurrent Private Placement do not agree to extend such date, then the Company will be forced to seek replacement financing on no less favourable terms in the time remaining prior to the Release Deadline. There can be no assurance that the Company will be successful in securing such financing and if it is not successful the Release Conditions will not be satisfied.

Additional funding may be required

The Santa Rita Project is expected to be cash flow positive by June 2010. Planned construction of the Santa Rita Project may be delayed by a number of factors. Most, if not all projects of this kind suffer delays in start up and commissioning due to late delivery of components, adverse weather or equipment failures or delays in obtaining the required permits or consents. The Company has also assumed that its capital cost estimates for completing construction of the Santa Rita Project are accurate. Capital and operating costs are estimates based on the interpretation of geological data, feasibility studies and other conditions, and there can be no assurance that they will prove to be accurate.

If there are delays in the commissioning of the Santa Rita Project or unanticipated increases in capital and operating costs, the Company may require additional third party financing to make required payments under its various project financing facilities (including hedging arrangements), to complete construction and commissioning of the Santa Rita Project and to fund future working capital, capital expenditures, operating and exploration costs and other general corporate requirements.

The success and the pricing of any such capital raising and/or debt financing will be dependent upon the prevailing market conditions at that time and upon the ability of a company without a significant projects already in production and with significant amounts of existing indebtedness to attract significant amounts of debt and/or equity. There is no assurance that such financing will be obtained or on terms satisfactory to the Company.

Failure to obtain sufficient financing, as and when required, could cause the Company to defer development of the Santa Rita Project as currently planned and may require the Company to realize assets and extinguish liabilities other than in the normal course of business and not be able to continue as a going concern.

The Company's Financial Condition

As at February 28, 2009, the Company had a working capital deficiency of A\$122.8 million, a net loss of A\$48.4 million for the six months ended December 31, 2008 and a net loss of A\$19.7 million as at June 30, 2008. In addition, upon satisfaction of the Release Conditions and assuming the Revised Senior Loan is advanced to the Company, the Company will have long term debt in the principal amount of US\$273 million.

There can be no assurance that the Company will not continue to incur losses. Numerous factors, including declining metal prices, lower than expected ore grades or higher than expected operating costs (including increased commodity prices), and impairment write-offs of mine property and/or exploration property costs, could cause the Company to continue to be unprofitable in the future. Continued losses could have important consequences, including the following:

- increasing the Company's vulnerability to general adverse economic and industry conditions;
- limiting the Company' ability to obtain additional financing to fund future working capital, capital expenditures, operating and exploration costs and other general corporate requirements;
- requiring the Company to dedicate a significant portion of the Company's cash flow from operations, anticipated from the Santa Rita Project, to make debt service payments, which would reduce its ability to

fund working capital, capital expenditures, operating and exploration costs and other general corporate requirements;

- limiting the Company's flexibility in planning for, or reacting to, changes in our business and the industry; and
- placing the Company at a disadvantage when compared to its competitors that have less debt relative to their market capitalization.

Counterparty Risk

The Company has entered into forward sales agreements for nickel and copper at prices in excess of the current spot price for these metals and may enter into other similar contracts from time to time. The Company is exposed to credit related losses in the event of non-performance by counterparties to these financial instruments. In the event that a counterparty fails to complete its obligations, the Company bears the risk of loss of the amount expected to be received under these financial instruments in the event of the default or bankruptcy of a counterparty.

Continued Decreases in the Price of Nickel

The price of nickel will affect the profitability of the Santa Rita Project. The price of nickel fluctuates widely and is affected by numerous factors beyond the control of Mirabela such as industrial and retail supply and demand, exchange rates, inflation rate fluctuation, changes in global economies, confidence in the global monetary system, forward sales of metals by producers and speculators as well as other global or regional political, social or economic events. The supply of metals consists of a combination of new mine production and existing stocks held by governments, producers, speculators and consumers.

Future production from Mirabela's mining properties, including in particular the Santa Rita Project, is dependent upon the price of nickel, being adequate to make it economic. In particular, the Company's mineral reserves have been calculated at a price of US\$7.00/lb, which as of the date of this short form prospectus is higher than the prevailing market price.

Although management believes that the current market price for nickel to be at a historical low and not representative of the long term trend, future or sustained price declines in the market value of nickel could cause continued development of, and eventually commercial production from, the Santa Rita Project to be rendered uneconomic. Declining metal prices will also adversely affect the Company's ability to obtain financing both now and in the long term. As a result, further declines in nickel prices could force Mirabela to discontinue development of the Santa Rita Project.

Failure to Satisfy Release Conditions

There can be no assurance that the Release Conditions will be satisfied by the Release Deadline or that another Termination Event will not occur.

If the Release Conditions are not satisfied by the Release Deadline or another Termination Event occurs, the Escrow Agent and the Company must repay to holders of Subscription Receipts an amount equal to the Offering Price thereof plus a *pro rata* share of the interest earned on the Escrowed Proceeds (the Escrow Proceeds being the proceeds from the sale of the Subscription Receipts less the Underwriters' expenses and the Work Fee which will have been paid to the Underwriters upon closing of the Offering).

The Company is responsible and liable for any shortfall between the Escrowed Funds and the amount due to be paid to the holders of the Subscription Receipts (such amount being effectively the Underwriters' expenses and the Work Fee). Given the Company's current financial condition there can be no assurance that the Company will be able to fund such shortfall.

CVRD Inco Limited Agreement

On December 12, 2005, Mirabela entered into an evaluation agreement (the "**Evaluation Agreement**") with Inco Brazil Limitada ("**Inco Brazil**"), a subsidiary of CVRD Inco Limited.

Under the Evaluation Agreement, Mirabela Brazil and Inco Brazil agreed to cooperate with each other to explore, evaluate and potentially develop new nickel sulphide deposits upon the Company's Santa Rita, Palestina and São Francisco project areas.

The Evaluation Agreement specifically excludes therefrom: (i) the existing nickel sulphide resource upon the Santa Rita Project area and any strike extensions and any depth extensions economically capable of being open cut mined; (ii) the existing nickel laterite resource and any strike extensions and any depth extensions economically capable of being open cut mined; (iii) any nickel sulphide resource that is located within 300 meters of the surface with a nickel grade of less than 1% (using a cut-off of 0.4% nickel), and any depth extensions of such resource economically capable of being open cut mined; and (iv) any nickel laterite resource upon the project areas located within 150 meters of the surface and any depth extensions of such resource economically capable of being open cut mined (collectively, the "**Excluded Resources**") provided that the areas subject to the agreement do include any resource that might occur below any of the Excluded Resources.

As a result the Evaluation Agreement does not apply to the Santa Rita open pit resource but may apply to the underground resource, to the extent such resource is not economically capable of being open pit mined.

Under the Evaluation Agreement for a term of one year ending December 2006, Inco Brazil had the right to earn an equity interest in any or all of the areas subject to the Evaluation Agreement other than the Excluded Resources (the "**Farm-In Area**") by providing notice to Mirabela Brazil (within 60 days of the end of the one year period) and entering into a farm-in agreement substantially in the form appended to the Evaluation Agreement (the "**Form of Farm-In Agreement**"). Inco Brazil provided such notice to Mirabela Brazil on February 9, 2007 (the "**Notice**") in respect of the Santa Rita and Palestina project areas. The parties did not enter into a farm-in agreement and as a result, in accordance with the Evaluation Agreement, the Form of Farm-In Agreement governs.

Under the Form of Farm-In Agreement, Inco Brazil is required incur annual expenditures of US\$300,000 in the first year escalating at the rate of US\$100,000 per annum to a maximum of US\$800,000 per year, in exploration of the Farm-In Area. Inco Brazil has not incurred the required annual expenditures.

Inco Brazil undertook a small drilling program in the second quarter of 2007 but withdrew from further evaluation and work in July 2007. Inco Brazil has undertaken no further work in respect of the Farm-In Area since July 2007. It is the opinion of management that Inco Brazil has forfeited its farm-in rights under the Form of Farm-In Agreement.

However, the Evaluation Agreement does not expressly provide for termination in the event Inco Brazil fails to incur the prescribed amounts in exploration expense or conduct work in respect of the Farm-In Area for any prescribed period of time.

Although management believes that Inco Brazil has forfeited its right to earn a 70% interest therein, there can be no assurance that a contrary position will not be taken by Inco Brazil, the resolution of which could be costly and time consuming. If Inco Brazil is successful in such an assertion, the Company's interest in the underground resource (to the extent such resource is not economically capable of being open cut mined) could be reduced to 30%, provided Inco Brazil otherwise complies with the terms of the Form of Farm-In Agreement.

Under the Form of Farm-In Agreement, Inco Brazil may be vested with up to a 70% equity interest in a Farm-In Area if, within six years from the date of the Notice, it: (i) drills to indicated and/or measured resource status a nickel sulphide resource of at least 100,000 tonnes of contained nickel for such Farm-In Area (including any satellite resources within 20 kilometres of the main resource); and (ii) completes a bankable feasibility study converting such resource to proven and/or probable mineral reserves of at least 100,000 tonnes of contained nickel for such Farm-In Area.

Canadian Pre-Marketing Restrictions

On February 16, 2009, the Company filed a letter with the Australian Securities Exchange, which was immediately made publicly available, advising of the Company's intention to "lodge a preliminary prospectus in Canada for an equity raising of at least US\$80 million and included reference to GMP as the Underwriter (the "**Announcement**"). The Announcement expressly stated that pricing of the Subscription Proceeds would be established later, based on prevailing market conditions. The Announcement, though permitted by Australian

securities legislation, may have constituted a solicitation of an expression of interest without the benefit of an exemption from the prospectus requirements. As a result of the Announcement, it is possible that certain market participants and purchasers of Subscription Receipts had advance knowledge of the Offering.

Market for Subscription Receipts

Although the TSX has conditionally approved the listing of the Subscription Receipts and the Ordinary Shares issuable upon conversion of the Subscription Receipts on the TSX there is currently no market through which the Subscription Receipts may be sold and purchasers may not be able to resell the Subscription Receipts distributed under this short form prospectus. Listing of the Subscription Receipts is subject to Mirabela fulfilling all of the listing requirements of the TSX, including distribution of the Subscription Receipts to a minimum number of public securityholders on or before June 1, 2009. This may affect the pricing of the Subscription Receipts in the secondary market, the transparency and the availability of trading prices, the liquidity of these securities and the extent of the issuer regulation.

Structural Subordination of the Ordinary Shares

In the event of a bankruptcy, liquidation or reorganization of the Company, holders of certain of its indebtedness and certain trade creditors will generally be entitled to payment of their claims from the assets of the Company before any assets are made available for distribution to the shareholders. The Ordinary Shares will be effectively subordinated to most of the other indebtedness and liabilities of the Company. The Company will be limited in its ability to incur additional secured or unsecured indebtedness.

Future Sales or Issuances of Ordinary Shares Could Lower the Company's Ordinary Share Price, Dilute Investors' Voting Power and May Reduce the Company's Earnings Per Share

The Company may sell additional Subscription Receipts, Ordinary Shares or other securities in subsequent offerings. The Company may also issue additional securities to finance future activities. The Company cannot predict the size of future issuances of securities or the effect, if any, that future issuances and sales of securities will have on the market price of the Ordinary Shares. Sales or issuances of substantial numbers of Ordinary Shares, or the perception that such sales could occur, may adversely affect prevailing market prices of the Ordinary Shares. With any additional sale or issuance of Ordinary Shares, investors will suffer dilution to their voting power and the Company may experience dilution in its earnings per share.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Company are KPMG, an Australian partnership and a member firm of the KPMG Network of independent member firms affiliated with KPMG International, a Swiss corporation.

The transfer agent and registrar for the Ordinary Shares of Mirabela in Canada is Equity Transfer & Trust Company at its principal office in Toronto, Ontario. Mirabela's registrar and transfer agent for the shares in Australia is Advanced Share Registry Services Pty Ltd at its principal office in Perth, Western Australian.

INTEREST OF EXPERTS

The matters referred to under "*Eligibility for Investment*" and certain other legal matters relating to the Subscription Receipts offered by this short form prospectus will be passed upon at the date of closing on behalf of the Company by Lawson Lundell LLP and on behalf of the Underwriters by Cassels Brock & Blackwell LLP. As at the date hereof, the partners and associates of Lawson Lundell LLP and Cassels Brock & Blackwell LLP collectively beneficially own, directly or indirectly, less than 1% of the outstanding securities of the Company.

None of Brett Gossage, Carlos Guzmán, Rod Smith or Nigel Spicer, each being an author of the Santa Rita Technical Report held at the time of preparation of the Santa Rita Technical Report, received or will receive after that date, a registered or beneficial interest, direct or indirect in any securities or other property of the Company or of any associate or affiliate of the Company. As at the date hereof, the aforementioned persons and the directors, officers, employees and partners, as applicable, of Coffey Mining and NCL Brasil Ltda., beneficially owned, directly or indirectly, less than 1% of the outstanding securities of the Company.

KPMG is the independent registered auditors of the Company.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price of damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price of or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

AUDITORS' CONSENT

The Board of Directors of Mirabela Nickel Limited

We have read the short form prospectus of Mirabela Nickel Limited (the “**Company**”) dated March 13, 2009 relating to the issue and sale of Subscription Receipts of the Company. We have complied with Canadian generally accepted standards for an auditor’s involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned short form prospectus of our report to the Shareholders of the Company on the consolidated balance sheets of the Company as at June 30, 2008 and 2007, and the consolidated statements of income, statements of changes in equity and statements of cash flows for the years ended June 30, 2008 and 2007. Our report is dated September 30, 2008.

(signed) “*KPMG*”
Perth, Western Australia
March 13, 2009

GLOSSARY OF TECHNICAL TERMS

The following is a glossary of technical terms and abbreviations that appear in the prospectus.

Assay	an analysis to determine the presence, absence and quantity of one or more elements.
Au	the chemical symbol for gold.
Basalt	dark-colored mafic igneous rocks, commonly extrusive but locally intrusive (i.e. as dikes), composed chiefly of calcic plagioclase and clinopyroxene.
Bornite	a sulphide mineral with chemical composition Cu_5FeS_4 that crystallizes in the cubic system. It has a brown to copper-red color on fresh surfaces that tarnishes to an iridescent purple surface. Its purple to bronze iridescence gives it the nickname peacock ore. Bornite is an important copper ore mineral and occurs widely in porphyry copper deposits along with the more common chalcopyrite.
Bronzite	an orthopyroxenite mineral dominated by the mineral hypersthene.
c	<i>circa</i> (about).
Chalcocite	copper(I) sulfide (Cu_2S): is an important copper ore mineral. It is opaque, being colored dark-gray to black with a metallic luster.
Chalcopyrite	CuFeS_2 , a common copper sulphide mineral.
Charnockite	an assemblage of rock types, connected in their origin because arising by differentiation of the same parent magma. The banded structure which these rocks commonly present in the field is only in a small measure due to crushing, but is to a large extent original, and has been produced by fluxion in a viscous crystallizing intrusive magma, together with differentiation or segregation of the mass into bands of different chemical and mineralogical composition.
Chrysotile	an asbestiform sub-group within the serpentine group of minerals.
Clinopyroxene	a group name for a number of pyroxene minerals that have similar crystal forms. They are silicates commonly containing aluminum, magnesium, calcium, and iron in their crystal structures.
Co	the chemical symbol for cobalt.
Colloform	pertaining to the rounded, globular texture of mineral formed by colloidal precipitation.
Craton	a large, usually ancient and stable mass of the earth's crust.
Cu	the chemical symbol for copper.
Cubanite	copper and iron sulfide mineral (CuFe_2S_3) that characteristically occurs with chalcopyrite or pyrrhotite in deposits formed at high temperatures.
Cut-off	the grade above which material is considered significant and below which material is not considered significant and is excluded from resource and reserve estimates.
CV	coefficient of variation.
DDH	diamond drill hole.

Disseminated Sulphide	a sulphide deposit, in which the sulphide is non-contiguous and may range from less than 1% up to about 10% of the total rock. The sulphide occurs as individual crystals or small crystalline masses in the interstices of other non-sulphide minerals composing the rock.
Dunite	an igneous, plutonic rock, of ultramafic composition, with coarse-grained or phaneritic texture. The mineral assemblage is typically greater than 90% olivine with minor pyroxene and chromite. Dunite is the olivine-rich end-member of the peridotite group of mantle-derived rocks.
EM	electro-magnetic.
Fe	the chemical symbol for iron.
Ga	10 ⁹ years before the present time.
Gabbro	a coarse-grained intrusive igneous rock composed of greenish-white feldspar and pyroxene.
Geochemical	prospecting techniques which measure the content of specified metals in soils and rocks for the purpose of defining anomalies for further testing.
Geophysical	prospecting techniques which measure the physical properties (magnetism, conductivity, density, etc.) of rocks and define anomalies for further testing.
Gossan	a ferruginous deposit remaining after the oxidation of the original sulphide minerals in a vein or ore zone.
Granodioritic	intrusive igneous rock similar to granite, but contains more plagioclase than potassium feldspar. It usually contains abundant biotite mica and hornblende, giving it a darker appearance than true granite. Mica may be present in well-formed hexagonal crystals, and hornblende may appear as needle-like crystals.
Granulitic	a fine-grained metamorphic rock often banded in appearance and composed chiefly of feldspar, quartz, and garnet.
Greenstone	a term applied regionally to sequences of mafic to ultramafic rocks.
Harzburgite	an ultramafic rock that is a variety of peridotite consisting of the minerals, olivine and low-Ca pyroxene (enstatite), and named for occurrences in the Harz Mountains of Germany. It commonly contains a few percent chromium-rich spinel as an accessory mineral.
HQ ₂	size of diamond drill rod/bit/core.
Igneous rock	a rock formed by volcanic or magmatic processes.
Intercalated	to insert, interpose, or interpolate.
Interstitial	being or relating to a crystalline compound in which usually small atoms or ions of a nonmetal occupy holes between the larger metal atoms or ions in the crystal lattice.
Isotopic	any of the several different forms of an element each having different atomic mass (mass number).
Kelyphitic	a mineral zone that is usually radial about another mineral or at the area between two minerals. Also known as “corona”.
Laterite	a highly weathered red subsoil or material rich in secondary oxides of iron, aluminum or both, that occurs as a residual product of weathering.
M	million.

Mackinawite	the least stable form of iron sulphide.
Magmatic	of or related to magma, which is a subterranean molten rock, capable of being extruded at the surface as lava or intruded into rocks in the earth's crust.
Mg	the chemical symbol for Magnesium.
Millerite	a nickel sulfide mineral, NiS. It is brassy in colour and has an acicular habit, often forming radiating masses and furry aggregates.
mm	millimeter.
Mt	million tonnes.
Ni	the chemical symbol for nickel.
NPV	net present value.
NQ ₂	size of diamond drill rod/bit/core.
°C	degrees centigrade.
Olivine	an olive-green magnesium iron silicate mineral common in mafic and ultramafic rocks.
Orthopyroxenite	an ultramafic igneous rock consisting essentially of minerals of the pyroxene group rich in iron and magnesium including hypersthene and enstatite.
Pd	the chemical symbol for palladium.
Pentlandite	a common nickel sulphide mineral.
Peridotite	general term for intrusive ultramafic igneous rocks consisting of olivine and lacking felspar.
PGE	platinum group element.
Plagioclase	any of a common rock-forming series of triclinic feldspar minerals, consisting of mixtures of sodium and calcium aluminum silicates.
ppb	parts per billion.
psi	pounds per square inch.
Pt	the chemical symbol for platinum.
PVC	poly vinyl chloride.
Pyrite	a common iron sulphide mineral FeS ₂ .
Pyroxene	a group of chiefly magnesium-iron minerals including diopside, hexenbergite, augite pigeonite, and many other rock-forming minerals.
Pyroxenite	an ultramafic igneous rock consisting essentially of minerals of the pyroxene group, such as augite and diopside, hypersthene, bronzite or enstatite.
Pyrrhotite	an iron sulphide FeS.
RC	reverse circulation drilling.
RL (Z)	reduced level.
ROM	run of mine.
RQD	rock quality designation.
S	the chemical symbol for sulphur.

Serpentine	a group of minerals the composition of which includes magnesium, iron, hydroxide and silicate.
Serpentinite	a rock comprised of one or more serpentine minerals. Minerals in this group are formed by serpentinization, a hydration and metamorphic transformation of ultramafic rock from the Earth's mantle.
Serpentinized	a product of hydrated olivine.
SMU	selective mining unit.
Sulphides	minerals that are compounds of sulphur together with another element (such as iron, copper, lead and zinc).
Tailings	finely ground material remaining from ore when metal is removed.
Tholeiitic	a type of basalt.
Ultramafic	igneous rocks consisting essentially of ferro-magnesian minerals with trace quartz and feldspar.
Veinlets	a tabular deposit of minerals occupying a fracture, in which particles may grow away from the walls towards the middle.
Violarite	supergene sulfide mineral associated with the weathering and oxidation of primary pentlandite nickel sulfide ore minerals.

CERTIFICATE OF MIRABELA NICKEL LIMITED

Dated: March 13, 2009

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of all of the provinces of Canada, except Québec.

By: (Signed) NICHOLAS POLL
Chief Executive Officer and
Managing Director

By: (Signed) STEPHEN HILLS
Chief Financial Officer and
Company Secretary

ON BEHALF OF THE BOARD OF DIRECTORS

By: (Signed) WILLIAM CLOUGH
Director

By: (Signed) CRAIG BURTON
Director



MIRABELA NICKEL
LTD