MIRABELA NICKEL LTD

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EQUITY OFFERING

Perth, Australia: Mirabela Nickel Limited (TSX: MNB, ASX: MBN) ("**Mirabela**" or the "**Company**"), announced today that it has filed and received a receipt for a preliminary short form prospectus in all of the provinces of Canada, except Québec, in connection with a proposed overnight marketed offering (the "**Offering**") of ordinary shares of the Company (the "**Shares**"). The Offering will be led by GMP Securities L.P.

The Offering will be priced in the context of the market with the final terms of the Offering to be determined at the time the underwriting agreement is executed. Concurrently with the Offering, the Company also proposes to complete a private placement of up to 21,500,000 ordinary shares, outside of Canada, principally in Australia, at the Australian dollar equivalent of the price of the Shares issued under the Offering (the "**Private Placement**").

Mirabela intends to allocate the net proceeds of the Offering and the Private Placement, if completed, towards: (i) cost overruns at the Santa Rita nickel sulphide project (the "**Santa Rita Project**") of approximately US$28.1 million in the aggregate representing a cost overrun of approximately 6% of the initial capital cost estimate for the project of US$434 million; (ii) optional capital items that will enhance operation of the Santa Rita Project (US$5.8 million); (iii) pre-production costs (US$5.3 million); (iv) recovery of a foreign exchange loss (US$5.3 million); and (v) the balance for general working capital purposes, all as more particularly set-out in the preliminary prospectus.

The Offering is scheduled to close on or about August 13, 2009 and is subject to certain customary conditions and regulatory approvals, including the approval of the Toronto Stock Exchange.

This news release shall not constitute an offer to sell or the solicitation of an offer to buy securities in the United States or any other jurisdiction outside of Canada, nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. The Shares offered have not been, and will not be, registered under the United States Securities Act of 1933, as *amended (the "**1933 Act**"), or any state securities laws and may not be offered or sold in the United States or to U.S. persons absent registration or an applicable exemption from the registration requirements of the 1933 Act and applicable state securities laws.*

The preliminary short form prospectus relating to the Offering has been filed with securities commissions or similar authorities in each of the provinces of Canada, other than Québec. A copy of the preliminary prospectus will also be lodged with the Australian Securities Exchange. The preliminary prospectus is subject to completion or amendment. A copy of the preliminary prospectus may be obtained on SEDAR (www.sedar.com). There will not be any sale or any acceptance of an offer to buy the securities until a receipt for the final prospectus has been issued.

For and on behalf of the Board

Nick Poll
Managing Director

Craig Burton
Corporate Director

Caution Concerning Forward-Looking Statements:

This news release contains "forward-looking statements" and "forward-looking information", which may include, but is not limited to the intended use of proceeds for the Offering and timing of the commencement of production at the Santa Rita Project. The purpose of forward-looking information is to provide the reader with information about management's expectations and plans. In making and providing the forward-looking information included in this new release, the Company has made numerous assumptions. These assumptions include among other things: (i) assumptions about the price of nickel and other base metals; (ii) that there are no material delays in development of the Santa Rita Project; (iii) anticipated costs and expenditures; (iv) future production and recovery; (v) that the supply and demand for nickel develops as expected; (vi) that there is no unanticipated fluctuation in interest rates and foreign exchange rates; and (vii) that there is no further material deterioration in general economic conditions. Although management believes that the assumptions made and the expectations represented by such statements or information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate. Readers are cautioned that forward-looking information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Mirabela and/or its subsidiaries to be materially different from future results, performance or achievements expressed or implied by the forward-looking information. Such risks, uncertainties and other factors include, among others, those discussed in the section entitled "Risk Factors" in the preliminary short form prospectus and the document incorporated therein and include the following: (i) the risk that production from the Santa Rita Project will be delayed; (ii) the risk that additional financing will not be obtained as and when required; (iii) capital and operating costs are higher than anticipated; (iv) decreases in the price of nickel; (v) the Company's financial condition may, among other things, make it difficult for the Company to obtain financing; (vi) adverse fluctuations in foreign exchange rates; (vii) adverse fluctuations in interest rates; (viii) failure to comply with restrictions and covenants in senior loan agreement; (ix) discretion in the use of proceeds; (x) changes in the terms of the Company's senior loan in order to achieve successful syndication; (xi) changes in the terms of the Company's equipment leasing facility in order to achieve successful syndication; (xii) structural subordination of the Company's ordinary shares; and (xiii) future sales or issuances of the Company's ordinary shares lowering the price thereof, diluting investors' voting power and reducing the Company's earnings per share. Forward-looking information contained herein are made as of the date of this document based on the opinions and estimates of management on the date statements containing such forward looking information are made, and Mirabela disclaims any obligation to update any forward-looking information, whether as a result of new information, estimates or opinions, future events or results or otherwise, except as required by law. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward looking information.

Readers are cautioned not to rely solely on the summary of information contained in this release, but should read the preliminary short form prospectus dated July 27, 2009 and the documents incorporate by reference therein, all of which is filed under the Company's profile on SEDAR (www.sedar.com), and any future amendments to such preliminary short form prospectus. Readers are also directed to the cautionary notices and disclaimers contained herein. All forward-looking statements and information made in this news release are qualified by this cautionary statement.

PRELIMINARY SHORT FORM PROSPECTUS

New Issue July 27, 2009

MIRABELA NICKEL LTD

ACN 108 161 593

● Ordinary Shares
C$ ●

This short form prospectus qualifies the distribution (the "**Offering**") of an aggregate of ● ordinary shares (the "**Offered Shares**") of Mirabela Nickel Limited ("**Mirabela**" or the "**Company**") to be issued and sold at a price of C$ ● (the "**Offering Price**") per Offered Share, pursuant to the terms of an underwriting agreement dated July ● , 2009 (the "**Underwriting Agreement**") among Mirabela and GMP Securities L.P. (the "**Underwriter**").

Mirabela's ordinary shares 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 July 24, 2009, being the last trading day on the TSX before the filing of this short form prospectus, the closing price of Mirabela's ordinary shares was C$2.25 on the TSX. On July 27, 2009 (Perth time), being the last trading day on the ASX before the filing of this short form prospectus, the closing price of Mirabela's ordinary shares was A$2.62 (C$2.32) on the ASX. The Offering Price was determined by negotiation between Mirabela and the Underwriter with reference to the prevailing market price of the Company's ordinary shares. The Company has applied to list the Offered Shares on the TSX. Listing will be subject to the Company fulfilling all of the listing requirements of the TSX. The Company will also apply for quotation of the Offered Shares on the ASX.

An investment in the Offered Shares involves a high degree of risk. It is important for prospective purchasers to consider the risk factors described or referred to in this prospectus. See "*Cautionary Statement Regarding Forward-Looking Information*" and "*Risk Factors*".

Price: C$ ● Per Ordinary Share

	Price to Public	Underwriter's Fee(1)	Net Proceeds to Company(2)
Per Offered Share	C$●	C$●	C$●
Total	C$●	C$●	C$●

Notes:

(1) Pursuant to the terms and conditions of the Underwriting Agreement between the Company and the Underwriter, the Company has agreed to pay the Underwriter a cash commission equal to ● % of the gross proceeds of the Offering (the "**Underwriter's Fee**"). See *"Plan of Distribution"*.

(2) After deducting the Underwriter's Fee but before deducting expenses of the Offering, estimated to be C$ ● , which will both be paid from the proceeds of the Offering.

(continued on next page)

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The Underwriter, as principal, conditionally offers the Offered Shares, subject to prior sale, if, as and when issued by the Company and accepted by the Underwriter in accordance with the conditions contained in the Underwriting Agreement referred to under *"Plan of Distribution"*, and subject to the approval of certain legal matters on behalf of the Company by Lawson Lundell LLP and on behalf of the Underwriter by Cassels Brock & Blackwell LLP.

Subject to applicable laws, the Underwriter may over-allot or effect transactions that are intended to stabilize or maintain the market price of the Company's ordinary shares at levels other than that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. No such transaction will be conducted by the Underwriter in Australia or with persons in Australia. **The Underwriter may also offer the Offered Shares at a lower price than that stated above.** See *"Plan of Distribution"*.

Subscriptions for the Offered Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The Offering will be conducted under the book-based system. Accordingly, an investor who purchases Offered Shares will receive a customer confirmation from the registered dealer from or through whom Offered Shares are purchased. CDS Clearing and Depositary Services Inc. ("**CDS**") will record the CDS participants who hold Offered Shares on behalf of owners who have purchased or transferred Offered Shares in accordance with the book-based system. Certificates evidencing Offered Shares will not be issued to investors unless specifically requested or in connection with sales to U.S. persons or purchasers in the United States. Closing of the Offering, is expected to occur on or about August 13, 2009, or any other date on which the Company and the Underwriter may agree, but in any event not later than 42 days after the date of a receipt for the final short form prospectus filed in connection with the Offering.

The Company intends to, concurrently with the Offering, complete a private placement (the "**Private Placement**") of up to 21,500,000 ordinary shares at the Australian dollar equivalent of the Offering Price for gross proceeds to the Company of up to C$ ● million. The Private Placement will be conducted outside of Canada, principally in Australia, without preparation of a prospectus or registration statement and in accordance with section 708 of the *Corporations Act 2001* (Cth) (Australia) (the "**Corporations Act**"). A fee will be paid to certain Australian Financial Services Licensees for services rendered in connection with the Private Placement (the "**Placement Commission**"). This short form prospectus does not qualify the distribution of the ordinary shares issued pursuant to the Private Placement, if any. The Company has applied for listing of the ordinary shares issuable pursuant to the Private Placement on the TSX. Listing will be subject to the Company fulfilling all the listing requirements of the TSX. The Company will also apply for quotation of the ordinary shares issuable pursuant to the Private Placement on the ASX.

Mirabela's registered and head office is located at Level 21, Allendale Square, 77 St. Georges Terrace, Perth, Western Australia, 6000.

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.

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DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this short form 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 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 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) annual information form of the Company dated September 29, 2008 for the financial year ended June 30, 2008 (the "**Annual Information Form**");

(b) audited annual consolidated financial statements of the Company as at, and for the financial year ended June 30, 2008, together with the auditors' report thereon dated September 30, 2008 and the notes thereto;

(c) management's discussion and analysis of financial condition and results of operations for the financial year ended June 30, 2008;

(d) amended and restated unaudited interim consolidated financial statements of the Company as at, and for the three and nine months ended March 31, 2009, together with the notes thereto;

(e) amended and restated management's discussion and analysis of financial condition and results of operations for the three and nine months ended March 31, 2009;

(f) material change report of the Company dated April 17, 2009 regarding execution of the definitive Senior Loan Agreement (as defined below);

(g) material change report of the Company dated April 3, 2009 in respect of the completion of a public offering of subscription receipts;

(h) material change report of the Company dated March 12, 2009 regarding execution of a commitment letter for the Senior Loan (as defined below) and the Leasing Facility (as defined below);

(i) material change report of the Company dated December 23, 2008 in respect of an initial underground resource for the Santa Rita Project (as defined below);

(j) material change report of the Company dated December 4, 2008 in respect of an extension of its US$80 million bridge financing facility with Barclays Capital and Credit Suisse International;

(k) material change report of the Company dated September 12, 2008 in respect of an increase in the in-pit resource estimate for the Santa Rita Project;

(l) management information circular of the Company dated May 21, 2009 prepared in connection with the general meeting of shareholders held on June 25, 2009;

(m) management information circular of the Company dated February 16, 2009 prepared in connection with the general meeting of shareholders held on March 19, 2009;

(n) management information circular of the Company dated October 15, 2008 prepared in connection with the annual general meeting of shareholders held on November 27, 2008; and

(o) management information circular of the Company dated July 3, 2007 prepared in connection with the general meeting of shareholders held on August 9, 2007.

A reference herein to this 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 short form prospectus and prior to the termination of the Offering shall be deemed to be incorporated by reference in this short form prospectus.

Any statement contained in this short form prospectus, or 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 short form 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 include 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: (i) assumptions about the price of nickel and other base metals; (ii) that there are no material delays in development of the Santa Rita Project and that production commences by late September 2009; (iii) anticipated costs and expenditures; (iv) future production and recovery; (v) that the supply and demand for nickel develops as expected; (vi) that there is no unanticipated fluctuation in interest rates and foreign exchange rates; and (vii) 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: (i) the risk that production from the Santa Rita Project will be delayed; (ii) the risk that additional financing will not be obtained as and when required; (iii) capital and operating costs are higher than anticipated; (iv) decreases in the price of nickel; (v) the Company's financial condition may, among other things, make it difficult for the Company to obtain financing; (vi) adverse fluctuations in foreign exchange rates; (vii) adverse fluctuations in interest rates; (viii) failure to comply with restrictions and covenants in the Senior Loan Agreement; (ix) discretion in the use of proceeds; (x) changes in the terms of the Senior Loan in order to achieve successful syndication; (xi) changes in the terms of the Leasing Facility in order to achieve successful syndication; (xii) structural subordination of the Company's ordinary shares; and (xiii) future sales or issuances of the Company's ordinary shares lowering the price thereof, diluting investors' voting power and reducing the Company's earnings per share.

This short form prospectus (See "*Risk Factors*") and the Company's interim 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 Underwriter, 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 or on behalf of the Minister of Finance (Canada) prior to the date hereof, the Offered 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, provided the Offered Shares are listed on a designated stock exchange as defined in the Tax Act (which currently includes the ASX and the TSX).

Notwithstanding the foregoing, if the Offered Shares are a "prohibited investment" for a particular tax-free savings account, the holder of the tax-free savings account which acquires or holds Offered Shares will be subject to a penalty tax as set out in the Tax Act. Holders are advised to consult their own tax advisors in this regard.

CURRENCY PRESENTATION AND EXCHANGE RATE INFORMATION

The Company reports in Australian dollars. 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 "**R$**" or "**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 two years ended June 30, 2008 and 2007 and the nine month periods ended March 31, 2009 and 2008, as quoted by the Bank of Canada, were as follows:

Canadian dollar per United States dollar	High	Low	Average(1)	Closing
Year ended June 30				
2008	C$1.0755	C$0.9170	C$1.0104	C$1.0186
2007	C$1.1853	C$1.0580	C$1.1323	C$1.0634
Nine Months ended March 31				
2009	C$1.3000	C$1.0016	C$1.1660	C$1.2602
2008	C$1.0755	C$0.9170	C$1.0105	C$1.0279

Canadian dollar per Australian dollar	High	Low	Average(1)	Closing
Year ended June 30				
2008	C$0.9782	C$0.8389	C$0.9054	C$0.9740
2007	C$0.9474	C$0.8234	C$0.8902	C$0.9029
Nine Months ended March 31				
2009	C$0.9822	C$0.7524	C$0.8547	C$0.8726
2008	C$0.9386	C$0.8389	C$0.8892	C$0.9386

Notes:

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

On July 24, 2009, the Bank of Canada noon spot exchange rate for the purchase of one Australian dollar using Canadian dollars was C$0.8845 (C$1.00=A$1.1306).

On July 24, 2009, the Bank of Canada noon spot exchange rate for the purchase of one United States dollar using Canadian dollars was C$1.0842 (C$1.00=US$0.9223).

On July 24, 2009, the Bank of Canada noon spot exchange rate for the purchase of one Brazilian Reais using Canadian dollars was C$0.5719 (C$1.00=R$1.7486).

FINANCIAL INFORMATION

The financial statements of the Company incorporated by reference in this short form prospectus are reported in Australian dollars and have been prepared in accordance with International Financial Reporting Standards rather than Canadian generally accepted accounting principles and may not be comparable to financial statements of Canadian issuers. Mirabela has not, and is not required to, provided a reconciliation of its financial statements to Canadian generally accepted accounting principles.

THE COMPANY

Mirabela is an Australian based mineral resource corporation engaged in the exploration, acquisition and development 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 complete construction of the Santa Rita Project and commence commissioning by late September 2009 and to develop new mineral reserves and mineral resources at the Santa Rita Project, from adjacent mineral properties, and through regional exploration. Commissioning and ramp-up to full production at the Santa Rita Project is expected to take up to 12 months.

Mirabela has three wholly-owned subsidiaries (collectively, 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.

The Santa Rita Project

The Santa Rita Project is a nickel sulphide development project with both open pit and underground components located approximately 360 kilometres south-west of Salvador and approximately six kilometres from the town of Ipiaú, having a population of 40,000 people. The mineral reserve and mineral resource estimates for the Santa Rita deposit are as follows:

Mineral Reserves

Classification(1)(2)(3)(4)	ktonnes	Ni (%)	Recovered Ni (%)	Recovered Ni (ktonnes)
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

Pit	Classification	Mt	Ni (%)	Cu (%)	Co (%)	Pd ppb	Pt ppb	Au ppb
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 following sets forth the status of the development of the Santa Rita Project, as of the date of this short form prospectus:

- pre-strip of 170,000 tonnes of ore on the run-of-mine ("**ROM**") pad with an additional 800,000 tonnes available at a strip-ratio of approximately 2:1;
- owner operator mining to commence within the next few weeks;
- dry commissioning of the primary crusher is underway;
- the apron feeder and motor for the primary crusher have been run without load;
- the main conveyors are complete;
- the reclaim tunnel is complete with all three apron feeders tested and run without load;
- the conveyors for the pebble recycle circuit have been tested;
- the flotation tanks and thickeners are complete and have been water tested;
- the LAROX filter has been installed and is expected to be ready for commissioning within the next few weeks;
- the blowers have been installed and are awaiting commissioning;
- the reagent tanks and dosing pumps have been water tested;
- the compressed air system has been commissioned and compressed air has been distributed throughout the plant;
- the raw water supply and storage is commissioned;
- the plant water system is commissioned;
- the main substation is almost complete, and will be commissioned within the next few weeks, enabling the supply of full power to the entire plant;
- all electrical rooms are fully commissioned;
- the control room is complete and "dry run" commissioning is underway;
- the tailings dam is complete and fully prepared for commissioning; and
- the SAG and ball mills are on site and installation is well underway.

Installation of the grinding circuit is now the critical lead-time item. With all other major items almost complete, the Company is focused on the installation of the grinding circuit and on commencing commissioning of the plant in late September 2009.

Work is also continuing on a more detailed study in respect of the underground development. The study consists of, among other things, mine and scenario planning, geotechnical studies and paste fill characterisation based on tailings. In particular, the Company intends to study the optimal economic and operational balance between the open-pit, underground and possible mill expansions.

The proposed underground development is to be undertaken in phases, thereby minimizing the upfront capital requirements and enabling a smaller initial underground mine operation to achieve proof of concept in relation to underground mining techniques and costs. It is estimated that full production would be achieved in year 5 of development.

Pursuant to the Technical Report (as hereinafter defined), the capital cost estimate for the Santa Rita Project is US$434 million excluding sustaining capital and mining fleet. In April 2009, the Company revised this capital cost estimate to US$440 million. The additional US$6 million was financed using the proceeds of a private placement, completed in May 2009, of five million ordinary shares to institutional investors at a price of A$2.15 per ordinary share. In July 2009, the Company revised its budget for the completion of the Santa Rita Project to reflect increases in the cost of: (i) major component equipment and materials (US$7.9 million and

US$1.6 million, respectively); (ii) civils and earthworks (US$4.8 million); (iii) electrical supply and distribution (US$10.5 million); (iv) freight and insurance (US$3.0 million); and (v) other sundry items (net US$0.2 million). These items are collectively referred to herein as the "**Cost Overruns**". The Cost Overruns, which aggregate US$28.1 million represent a cost overrun of approximately 6% of the initial capital cost estimate of US$434 million.

In addition, the Company has recently made the decision to proceed with the construction of port infrastructure (US$1.0 million) and offices and workshops (US$4.8 million) at the Santa Rita Project site (together, the "**Optional Capital Items**"). Both items were initially contemplated in the development plans for the Santa Rita Project but were suspended pending financing and completion of essential items. Management is of the view that both the proposed port infrastructure and site buildings will enhance project operations.

As the Santa Rita Project approaches commissioning, the Company has engaged operational personnel for day-to-day maintenance and operation of the site and facility, together with the related equipment, technology, and light vehicles to be used by that operations team (collectively, the "**Pre-Production Expenses**"), resulting in an increase to the pre-production expenses component of the working capital budget for the Santa Rita Project of US$5.3 million.

The decision to proceed with the Optional Capital Items and Pre-Production Expenses has been made by the Company, after considering the recommendations and advice of David Chapman, a qualified person under National Instrument 43-101 — *Standards of Disclosure for Mineral Projects* ("**NI 43-101**"). Mr. Chapman is the Operations Manager of Mirabela. Mr. Chapman has recommended that the Company purchase the Optional Capital Items and incur the Pre-Production Expenses.

All amounts in this section were converted to United States dollars at an exchange rate of R$1.92 for one U.S. dollar.

Senior Loan

Senior Loan Agreement

In February and March 2009, the Company received commitments from each of Barclays Bank plc, Credit Suisse International, 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 "**Senior Loan**").

On April 7, 2009, Mirabela Brazil as borrower and Mirabela as guarantor entered into a credit agreement with, among others the Lenders in respect of the Senior Loan (the "**Senior Loan Agreement**").

The Senior Loan Agreement contains the following material terms:

(a) the Senior Loan will accrue interest on a cost of funds basis (calculated as the weighted average of cost of funds for each Lender; however, the cost of funds will revert to LIBOR in certain circumstances) plus: (i) a margin of 5.75% per annum prior to completion of the Santa Rita Project and 5.25% per annum thereafter; and (ii) an amount calculated to compensate the Lenders for compliance with the requirements of the Bank of England or the European Central Bank (if any);

(b) the Senior Loan is to be repaid by way of 10 installments every six months starting March 31, 2011 and ending September 30, 2015. If, however, prior to the completion of the Santa Rita Project, a third party acquires more than 35% of the Company's ordinary shares, then, upon notice, a majority of the Lenders can require the Senior Loan to be repaid in 90 days;

(c) there are certain restrictions on the Company's future hedging activities including:

  (i) all hedging agreements shall be with a party to the 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 32,500 tonnes at any time, with no more 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 17,300 tonnes at any time;

(iv) no more than 70% of future 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 Senior Loan then outstanding;

(d) the Senior Loan Agreement contains 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 set out in the 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) project life cover ratio of at least 1.50 to 1; and

(xi) 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;

(e) events of default under the Senior Loan Agreement, 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;

(f) the Senior Loan is to be syndicated as soon as practicable after funding (which funding occurred on or about May 22, 2009);

(g) until "successful syndication" (defined 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

(h) until "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 Senior Loan; or (ii) the structural terms of the Senior Loan, in each case, as needed to achieve "successful syndication".

The Company's obligations under the Senior Loan and any hedging agreements entered into with the Lenders are effectively secured by, all (or substantially all) of Mirabela's assets.

There can be no assurance that the terms of the Senior Loan will not be revised in order to achieve successful syndication, in a manner that is adverse to the Company.

On or about May 22, 2009, the Company made its first drawdown under the Senior Loan of US$165 million (the "**Loan Proceeds**"). In accordance with the terms of the Senior Loan Agreement, the Loan Proceeds were used to: (i) repay a US$80 million bridge term loan made in July 2008 by Barclays and Credit Suisse as lenders (the "**Bridge Loan**"); (ii) fund a US$25 million reserve contingency account; and (iii) fund the Santa Rita Project construction and development costs.

Equipment Fleet Financing

Mirabela Brazil, as lessee, and Mirabela, as guarantor, entered into a master funding and lease agreement dated March 23, 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 purchase price of Caterpillar mobile equipment from Marcosa SA and Sotreq SA, Brazil.

An initial order of four Caterpillar 777 trucks (100 tonne), two D9 tracked bulldozers and a grader has recently been delivered. A second delivery of larger capacity Caterpillar 785 trucks (150 tonne), an additional two Caterpillar 777 trucks, Terex O&K RH90 and RH120 excavators and more ancillary equipment is expected to arrive from September 2009 onwards. Maintenance and training is to be provided by the local dealerships of Marcosa SA and Sotreq SA, Brazil. The mining fleet is owned and operated by the Company.

Caterpillar Financial may 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 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 syndication, in a manner that is adverse to the Company.

As of the date of this short form prospectus, the Company has drawn down US$7.1 million of the first tranche of the Leasing Facility, leaving available credit thereunder of US$30.9 million. The second tranche of the Leasing Facility, in the aggregate principal amount of US$17 million, has not been drawn and will be available for a period of 24 months commencing on the date all of the conditions precedent thereto are satisfied. The conditions precedent to the availability of the second tranche of the Leasing Facility consist of: (i) a certificate from Mirabela and Mirabela Brazil confirming that no event has occurred which would have a material adverse effect; (ii) a certificate of an independent engineer confirming that construction of the Santa Rita Project is proceeding (or has been completed) in accordance with the mine plan prepared pursuant to the Senior Loan Agreement; and (iii) delivery to Caterpillar Financial of the most recent financial model prepared pursuant to the Senior Loan Agreement.

RECENT DEVELOPMENTS

Senior Management Appointments

The Company has recently made a number of senior management appointments to strengthen the operational capability and experience of its management team.

Mr. Bryan Hyde was recently appointed Santa Rita Project Managing Director, based on site. Both the construction and operating teams are now reporting directly to Mr. Hyde.

Mr. Hyde has over 30 years experience in the mining and metallurgical industry with in-depth exposure to numerous projects similar to the Santa Rita Project. Mr. Hyde was a member of the founding management team of LionOre Mining International Ltd. and played a major role in managing that company's operations, including two years as Chairman of LionOre Australia Pty Ltd., until 2006 when the company was acquired by OJSC MMC Norilsk Nickel ("**Norilsk International**"). As Managing Director of Tati Nickel Mining Company (Pty) Ltd., a subsidiary of LionOre Mining International Ltd., Mr. Hyde was responsible for overseeing the Selkirk and Phoenix open-cut nickel sulphide operations from conception to production and through numerous plant upgrades.

Mr. Peter Breese, previously Chief Executive Officer of Norilsk International, is assisting Mr. Hyde on an *ad hoc* basis, advising the Company on organizational structure as a consultant. Both Mr. Hyde and Mr. Breese have agreed to an initial tenure of 18 months.

An executive management committee was recently established to oversee the various operating and project teams. The committee meets on site monthly and will report to the board of directors of the Company and the Managing Director. Mr. Breese is the chairman of this committee.

Mr. Chris Els has been appointed Chief Financial Officer of Mirabela commencing August 1, 2009, having recently resigned as Chief Financial Officer of Norilsk Nickel Australia Pty Ltd ("**Norilsk Australia**", and formerly LionOre Australia Pty Ltd.). Mr. Els will be responsible for operational reporting and cost control across the Company, having previously undertaken a similar task for Norilsk Australia's five nickel operations.

Hedging

The Company entered into additional nickel hedges in June 2009, with 2,400 tonnes of nickel sold at an average price of US$6.60/lb (US$14,550.51/tonne) for the delivery period July 2010 to June 2011. These hedges are in addition to the original hedging arrangements implemented pursuant to the Senior Loan of 17,000 tonnes of nickel at US$8.00/lb (US$17,637/tonne) and 8,952 tonne of copper at US$2.73/lb (US$6,012/tonne). The original hedging arrangements were designed to support the 4.6 Mtpa project while the additional hedging arrangements are designed to provide support for the revised 6.4 Mtpa throughput project.

Subsequent to June 30, 2009, an additional US$40 million of US$/BRL cover has been put in place at an average rate of BRL 2.12 for the period from January 2010 to December 2011, increasing total current foreign exchange hedging to US$159 million at an average rate of BRL 2.13 for the period from January 2010 to March 2014.

In May 2009, a US$100 million amortising notional value interest rate swap was completed in order to fix interest payments on the Senior Loan.

Termination of Farm-In Agreement

On December 12, 2005, Mirabela entered into an evaluation agreement with Inco Brazil Limitada ("**Inco Brazil**"), a subsidiary of CVRD Inco Limited and pursuant to the terms thereof, a farm-in agreement (the "**Farm-In Agreement**").

Under the Farm-In Agreement, Inco Brazil was required to 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 did incur 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 (which covered potential underground nickel sulphides at the Company's Santa Rita and Palestina projects) since July 2007. However, the Farm-In Agreement did not expressly provide for termination in the event Inco Brazil failed to incur the prescribed amounts in exploration expense or conduct work in respect of the farm-in area for any prescribed period of time.

In July 2009, Inco Brazil agreed to formally terminate the Farm-in Agreement, removing any uncertainty as to its status. The termination agreement involves no consideration other than mutual releases.

CONSOLIDATED CAPITALIZATION

Since March 31, 2009, the following material changes to the Company's share and loan capital occurred:

(i) the Company entered into the Senior Loan Agreement, increasing the Company's long term debt by US$190 million;

(ii) the Company's short term debt was decreased by US$80 million on May 21, 2009 upon funds from the Senior Loan being drawn down and applied against the then outstanding Bridge Loan;

(iii) on April 9, 2009, an aggregate of 120 million ordinary shares of the Company were issued upon automatic conversion of 120 million subscription receipts issued by way of short form prospectus dated March 13, 2009;

(iv) an aggregate of 32,445,275 ordinary shares were issued on April 17, 2009 to institutional investors at A$1.20 per ordinary share (being the Australian dollar equivalent of C$1.00 per ordinary share) for gross proceeds of A$38.9 million; and

(v) an aggregate of five million ordinary shares were issued on May 18, 2009 to Australian institutional investors at A$2.15 per ordinary share for gross proceeds of A$10.75 million;

(items (i) to (v) above, being the "**Interim Transactions**" and items (iii), (iv) and (v) being collectively, the "**Spring 2009 Financings**").

Aside from the Interim Transactions, there have been no material changes in the Company's share or loan capital, on a consolidated basis, since March 31, 2009. The following table sets forth the consolidated capitalization of the Company as at the dates indicated before and after completion of the Offering, the Private Placement and the Interim Transactions. 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 of June 30, 2008	**Outstanding as of March 31, 2009**	**Outstanding as of March 31, 2009 after completion of the Interim Transactions**	**Outstanding as of March 31, 2009 after completion of the Offering, Private Placement and Interim Transactions**(1)
	(Audited)	(Unaudited)	(Pro Forma)	(Pro Forma)
Long Term Debt	Nil	$ 109,273	350,239(4)	•(4)
Ordinary shares (authorized unlimited)(2)	129,781,100	129,791,100	288,186,375(3)	•
Shareholder Equity	$ 268,971	$ 267,812	$ 438,926	$ •
Retained Earnings (Deficit) and Reserves	$ 24,268	$ 19,300	$ 19,300	$
TOTAL CAPITALIZATION	$ 293,239	$ 287,112	$ 458,226	$ •

Notes:

(1) After deducting the Underwriter's Fee and the expenses of the Offering, which are estimated at C$1.5 million.

(2) Except as stated in (3) below, not including shares issuable upon exercise of options which remained unexercised on June 30, 2008, March 31, 2009, and on the date hereof, respectively.

(3) Includes 950,000 shares issued upon the exercise of an aggregate of 950,000 options between May 15, 2009 and July 10, 2009 resulting in gross proceeds to the Company of A$675,000.

(4) Includes long term commitments in respect of funds drawn down under the Senior Loan, the Leasing Facility and a term prepayment facility loan provided by Norilsk Nickel Harjavalta Oy.

USE OF PROCEEDS

The gross proceeds to the Company from the Offering are expected to be C$ ● . The estimated net proceeds to the Company from the Offering will be C$ ● (determined after deducting the Underwriter's Fee of C$ ● , and estimated expenses of the Offering of C$ ●).

The gross proceeds to the Company from the Private Placement are expected to be up to approximately C$ ● million. The net proceeds to the Company from the Private Placement (after deducting the Placement Commission of approximately C$ ●) are expected to be up to approximately C$ ● .

Assuming the closing of the Private Placement, Mirabela intends to use the net proceeds of the Offering and the Private Placement as follows:

	US$Million(1)	C$Million(2)
Santa Rita Project Cost Overruns	$ 28.1	$ 30.8
Optional Capital Items	$ 5.8	$ 6.4
Pre-Production Expenses	$ 5.3	$ 5.8
Foreign Exchange Shortfall	$ 5.3	$ 5.8
Working Capital	$ ●	$ ●
Total:	$ ●	$ ●

Notes:

(1) Converted to United States dollars at an exchange rate of R$1.92 for one United States dollar.

(2) Converted to Canadian dollars at an exchange rate of R$1.7486 for one Canadian dollar.

As at the date of this preliminary short form prospectus, the Company has cash and cash equivalents on hand of approximately A$33.6 million including US$25 million in the contingent support account established in accordance with the Senior Loan Agreement. The Company also has US$25 million available credit under the Senior Loan.

In March and April 2009, the Company entered into the Senior Loan Agreement and completed the Spring 2009 Financings, for the principal purpose of funding completion of the construction and commissioning of the Santa Rita Project. These construction costs were primarily denominated in Brazilian reais, while the proceeds of the Senior Loan were denominated in United States dollars. Due to adverse fluctuations in the exchange rate for the purchase of Brazilian reais using United States dollars (compared to the Company's then budgeted rate of 2.2 Brazilian reais for each U.S. dollar), the Company suffered a foreign exchange conversion shortfall of approximately 10.1 million Brazillian reais (US$5.3 million (using an exchange rate of R$1.92 for one U.S. dollar)) (the "**Foreign Exchange Shortfall**"). The Foreign Exchange Shortfall effectively reduced the proceeds of the Senior Loan available to pay Santa Rita Project construction costs by the same amount.

The Company intends to use the net proceeds of the Offering and Private Placement to: (i) finance the Cost Overruns; (ii) purchase the Optional Capital Items; (iii) finance the Pre-Production Expenses; (iv) effectively recover the amount of the Foreign Exchange Shortfall; and (v) as to the balance, for working capital purposes. Management recognizes that its cash reserves have been historically low relative to the nature and rapidly expanding scope of the Company's activities.

Using the proceeds of the Offering and the Private Placement, the Company intends on completing the construction and commence commissioning of the Santa Rita Project by late September 2009.

Mirabela intends to hold the net proceeds from the Offering and Private Placement in term deposits at major Australian banks pending their expenditure.

Although Mirabela intends to expend the proceeds from the Offering and the 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

Subject to certain prescribed exceptions, under the Corporations Act and the Company's 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 288,186,375 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.

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, provisions permitting or restricting the issuance of additional securities or provisions requiring a securityholder to contribute additional capital.

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.

Date Issued	Number of Securities	Security	Price per Security
July 10, 2009	300,000(1)	Ordinary Shares	A$0.95
June 30, 2009	400,000(1)	Ordinary Shares	A$0.60
June 11, 2009	150,000(1)	Ordinary Shares	A$0.60
May 18, 2009	5,000,000(2)	Ordinary Shares	A$2.15
May 15, 2009	100,000(1)	Ordinary Shares	A$0.60
April 17, 2009	32,445,275(2)	Ordinary Shares	A$1.20
April 9, 2009	120,000,000(3)	Ordinary Shares	n/a
March 19, 2009	120,000,000(4)	Subscription Receipts	C$1.00
December 2, 2008	650,000(5)	Stock Option	A$6.20
November 24, 2008	3,000,000(6)	Stock Option	A$3.00
September 24, 2008	7,000(1)	Ordinary Shares	A$0.95
September 9, 2008	5,000,000(7)	Stock Option	US$8.00
August 12, 2008	3,000(1)	Ordinary Shares	A$0.95

Notes:

(1) Issued upon exercise of stock options.

(2) Issued pursuant to a private placement of ordinary shares to "sophisticated investors".

(3) Issued upon automatic conversion of 120 million subscription receipts.

(4) Issued pursuant to a public offering of 120 million subscription receipts by short form prospectus dated March 13, 2009.

(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.

(6) Issued in connection with entering into the first amendment to the Bridge Loan, expiring July 7, 2013.

(7) Issued in connection with an offtake loan option agreement between the Company and Norilsk Nickel Harjavalta Oy dated September 5, 2008.

In addition, on June 25, 2009, the Company's shareholders approved the grant of 750,000 stock options to WestLB AG in connection with the Senior Loan, exercisable at a price of A$3.00 per ordinary share until July 7, 2013. The Company has agreed to, but has not formally, granted these options to WestLB AG.

TRADING PRICE AND VOLUME

The following table sets forth the reported high and low sale prices and the trading volume for the Company's ordinary shares on the TSX for each of the 12 months prior to the date of this short form prospectus.

Month	High (C$)	Low (C$)	Volume
July 2008	$ 6.01	$ 3.90	4,475,746
August 2008	$ 4.97	$ 4.11	5,952,533
September 2008	$ 4.50	$ 2.75	11,731,488
October 2008	$ 3.95	$ 0.80	13,170,660
November 2008	$ 1.60	$ 0.78	6,712,676
December 2008	$ 0.85	$ 0.43	6,568,316
January 2009	$ 1.40	$ 0.67	7,585,547
February 2009	$ 1.91	$ 0.99	8,356,828
March 2009	$ 1.40	$ 0.87	5,758,233
April 2009	$ 1.78	$ 1.31	29,237,113
May 2009	$ 2.39	$ 1.55	18,948,483
June 2009	$ 2.95	$ 2.02	21,634,071
July 1 to 24, 2009	$ 2.47	$ 2.00	5,875,856

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 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.

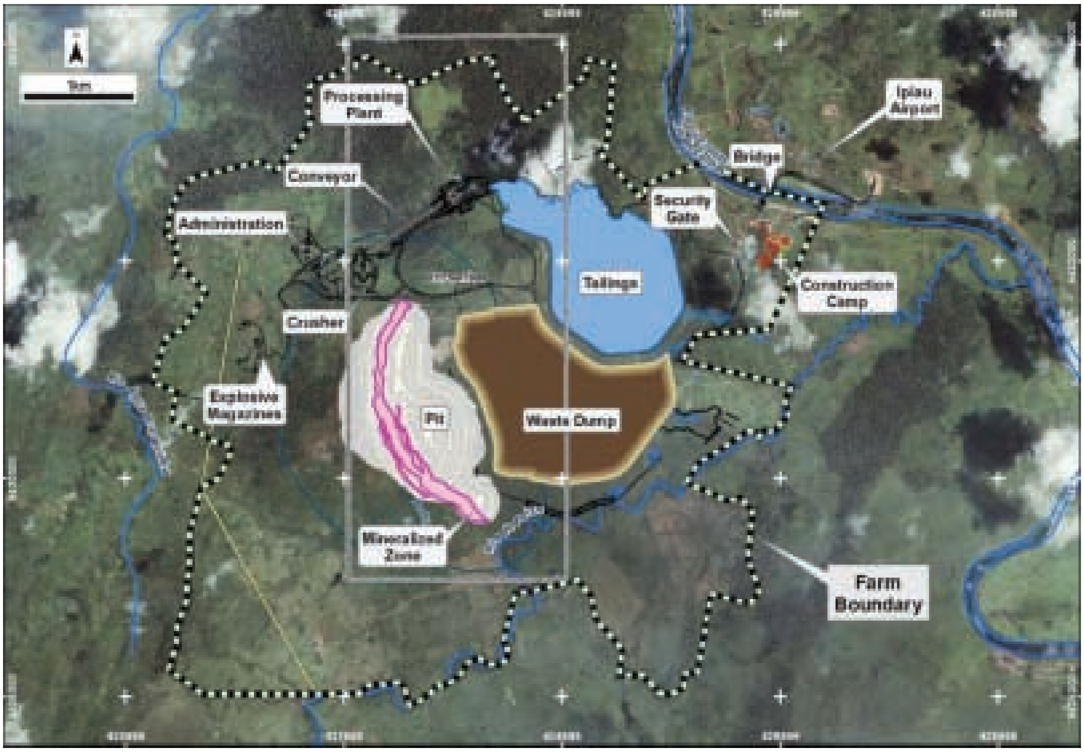
For an explanation of certain technical terms used in this short form prospectus, please see "*Glossary of Technical Terms*" beginning on page A-1 of this short form prospectus.

Project Description and Location

Location

The Santa Rita Project is located in the south-east of the Bahia state, Brazil, situated 360 kilometres south west of Salvador and approximately six kilometres from the city of Ipiaú. The Santa Rita Project comprises an aggregate area of 28,898.42 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 ("**CBPM**"), 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 CBPM 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, CBPM 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 CBPM, 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 kilometres 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 kilometres and 20 kilometres 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 millimetres and 1,800 millimetres and averages approximately 1,300 millimetres. There is no well-defined dry season. Local topography is characterized by flat to gently undulating soil-covered terrain at about 150 metres 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 metres 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 kilometres, along with regional mapping, which led to the discovery of two important geochemical anomalies comprising nickel-copper-cobalt near Fazenda Mirabela (Mirabela Farm), eight kilometres south-southeast of the town of Ipiaú, and zinc-copper, located five kilometres 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 metre thick), but very extensive (two kilometre 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 metres 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 kilometre. 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 metres) 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 kilometres 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 minerate textures are recognized, suggesting late or post-tectonic emplacement.

The Fazenda Mirabela Intrusion represents one of at least two mafic-ultamafic layered bodies intruding along a major structural lineament that extends for over 100 kilometres 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 metres thick. Topographically, it represents an area of subdued, almost planar, relief and comprises coarse-grained gabbronorites, leuco-gabbronorites 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 gabbronorite were less well known and were investigated by:

(a) Drilling several holes in four sections 100 metres 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 kilometres northeast of the Santa Rita sulphide horizon to test the contact between the gabbronorite and the gneissic basement, revealing the contact zone to be sulphide-bearing but only low Ni grades were encountered.

(c) Soil sampling 0.8 kilometres 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 gabbronorite.

(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 gabbronorite and basement approximately two kilometres 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 metres-21 metres downhole, and 7m @ 0.40% Ni, 0.12% Cu from 26 metres downhole).

Following these initial results 37 diamond drillholes totalling 5,388.8 metres have since been completed. Drilling intersected a shoot over 350 metres of strike length and as deep as 150 metres 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 metres 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 metres 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 kilometres to the south-southwest of the Santa Rita Project and 12 kilometres east of the town of Dário Meira, adjacent to highway BR-030.

The intrusion cluster measures approximately five kilometres east-west by three kilometres north-south. The two dominant lithologies within the intrusion comprise orthopyroxenites and lesser gabbronorites, 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 kilometres, 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 metre by 100 metre-spaced soil survey covering 6.6 square kilometres 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 metres and averaging 40 metres in width over a strike length in excess of 2.0 kilometres, and has been tested down dip to depths exceeding 1,000 metres.

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 millimetre to one millimetre in size, however larger lenses to 30 millimetres 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 millimetre to two millimetres 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 suphides 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 ±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:

Deposit	No DDH	DDH (m)	No RC/OHP	RC/OHP (m)	No Auger	Auger (m)	All Holes	Total metres
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	1,234	200,312.55	93	7,096.60	145	416.05	1,472	207,825.20

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 metres. 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 metre 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 metre by 40 metre 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. CBPM collected 1,087 bulk soil samples (including 49 duplicates) on a regular 200 metre by 50 metre 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 metre by 25 metre 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 metre by 40 metre, but over selected areas, notably Peri-Peri and the southern extension, the grid was reduced to 20 metre by 20 metre. 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 metre-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 metre intervals by trained and supervised technicians. Each metre was sampled by taking the left-hand half of each piece of core for that metre 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 metre down-hole intervals. Thin section sampling has been completed for specific drill-holes of interest.

RC Sampling

RC drill chips were collected as one metre 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 metre intervals, however for the majority of the sterilisation program the samples were four metre 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 metre. RC sampling has not been reviewed by Coffey Mining.

Rock Density

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

Sample Quality

In the 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 metre 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 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 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 representivity 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 rod mill and ball mill work indices of 184 kilowatt hours per tonne and 20.4 kilowatt hours per tonne, respectively;

(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 P_{80} grind size was approximately 125μm 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 a concentrate product for smelters as possible end-users of the concentrate 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 as well as the clarity of the resultant 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 into 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 P_{80} grind size is approximately 125μm;

(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 Mtpa, with an increase to 6.4 Mtpa 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 P_{80} 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 P_{80} grind size of 125μm. Variations 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 metres 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:

	Average Cut-Off Grade of 0.34%						
Classification(1)(2)	**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 metre downhole composite interval, recording the geological model and residual (partial) composites less than 75% of the three metre 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 metre 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 metres by 10 metres 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 metres 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 metres. The inferred mineral resource of the Santa Rita underground deposit as at February 2009 is set out below:

Classification(1)	Mt	Ni %	Cu %	Co %	Pd ppb	Pt ppb	Au ppb
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 metres, a strike length of about 600 metres, 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.

Ore Source	ktonnes	Ni (%)	Recovered Ni (%)	Recovered Ni (ktonnes)
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 metres (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, for a total contained mineral resource of 122.4 million tonnes of ore and recovered nickel of 516 ktonnes;

(h) 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 metres long in the north-south direction and 1,250 metres wide in the east-west direction. The pit bottom is at the −410 metre elevation. The highest wall is about 750 metres on the west side. The total area disturbed by the pit is about 173 hectares;

(i) 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

(j) 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 metre capacity and trucks with a capacity of 90 tonnes for the ore in five metre passes, and 16.5 cubic metre capacity excavators with 136 tonnes trucks capacity for the waste in 15 metres benches. Set out below is the mine production of ore for each mining year.

Mining Production Schedule

	Mined Ore						Mined Ore (Ktonnes)	
Mining Year	Ore (Ktonnes)	Nickel (%)	Nickel (ktonnes)	Waste (Ktonnes)	Total Ktonnes	Strip Ratio	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.

Area		US$ (millions)
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		**406.1**
Mine and Mine Infrastructure	Pre-strip	17.6
	Offices/Workshops	8.6
	Minor Equipment	1.7
Sub Total		**27.9**
Total Project Capital		**434.0**

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:

Item	Unit	Base Case
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:

Item	
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.

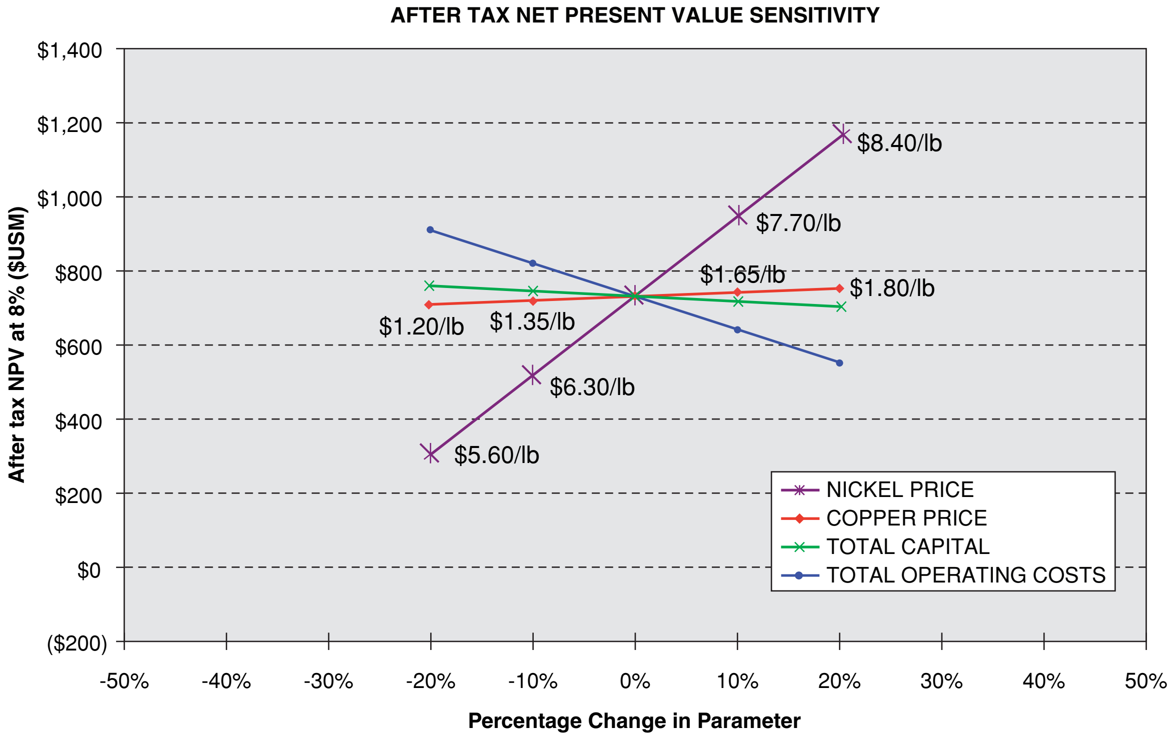
(2) Assuming there is no escalation of either commodity prices or costs.

(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

Year[1]	Operating Cash Flow (after taxes) (US$'000)
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 metres deep.

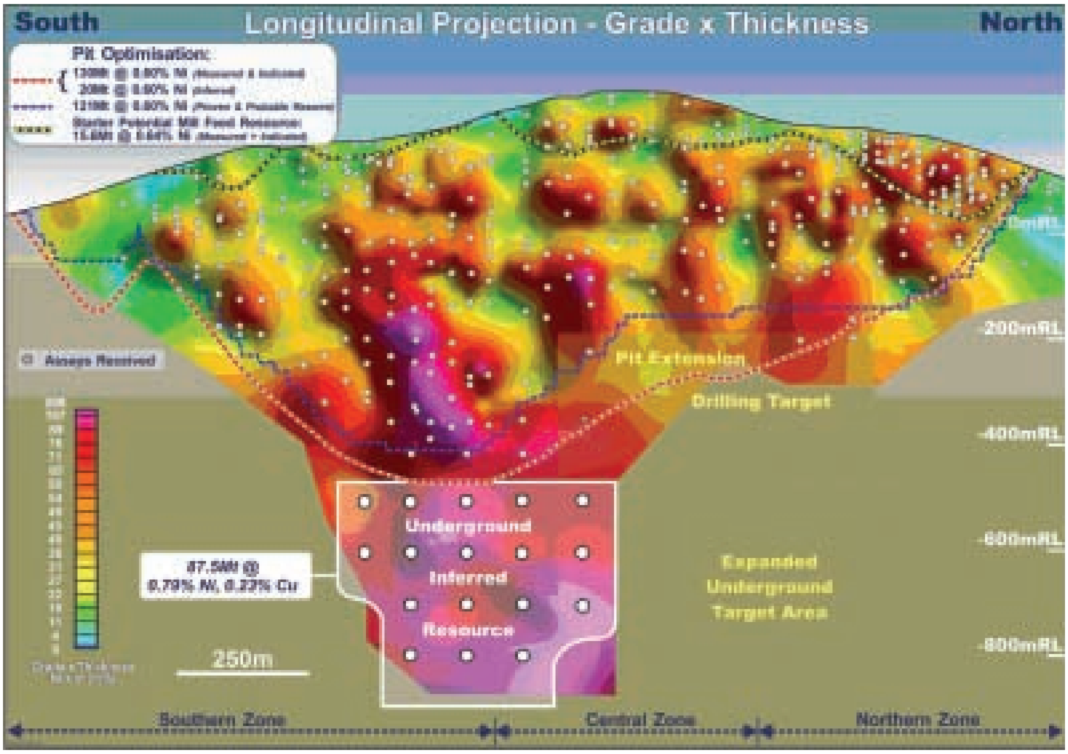
The Palestina target is located 25 kilometres to the south-southwest of the Santa Rita Project and 12 kilometres east of the town of Dário Meira, adjacent to highway BR030. To date, 25 diamond drill holes totalling 6,249.86 metres have been drilled with low grade nickel sulphides (>0.2% Ni) being intersected in 10 holes, the best result yielding 44 metres @ 0.29% Ni, 0.07% Cu, 0.60 g/t Au+Pd+Pt in MBP-014 (146 metres-190 metres). 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 metres representing 160,000 tonnes of ore and 1,260 tonnes of contained nickel per vertical metre. 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 Mtpa. A five Mtpa underground production capacity would require an expansion of the existing mill to approximately 11 Mtpa. 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 ± 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 Mtpa.
(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 Mtpa.
(3) Including a 20% contingency allowance.

It is estimated that full production would be achieved 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 an underwriting agreement (the "**Underwriting Agreement**") dated July ● , 2009, between the Company and the Underwriter, the Company has agreed to sell and the Underwriter has agreed to purchase ● Offered Shares on or about August 13, 2009, or such other date as may be agreed upon by the parties to the Underwriting Agreement but in any event not later than 42 days after the date of the receipt for the final short form prospectus, at the Offering Price of C$ ● per Offered Share payable in cash to the Company against delivery. The obligations of the Underwriter under the Underwriting Agreement may be terminated at its discretion on the basis of its assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. The Underwriter is, however, obligated to take up and pay for all of the Offered Shares if any of the Offered Shares are purchased under the Underwriting Agreement.

The Offering Price was determined by negotiation between the Underwriter and the Company with reference to the prevailing market price of the Company's ordinary shares. The Company will pay the Underwriter a fee equal to ● % of the gross proceeds of the Offering for its services in connection with the Offering.

Under the terms of the Underwriting Agreement, the Underwriter, its affiliates and their respective directors, officers, employees, shareholders and agents are entitled to be indemnified by the Company against certain liabilities.

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

The Offered Shares 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 Offered Shares 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 Underwriter to offer and resell the Offered Shares that it has 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 Underwriter to offer the Offered Shares for sale directly by the Company to certain institutional "accredited investors" that satisfy the requirements of Rule 501(a)(1), (2), (3) or (7) of Regulation D 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 commencement of the Offering, any offer or sale of the Offered Shares 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 Offering will be conducted under the book-based system. Accordingly, an investor who purchases Offered Shares will receive a customer confirmation from the registered dealer from or through whom Offered Shares are purchased. CDS will record the CDS participants who hold Offered Shares on behalf of owners who have purchased or transferred Offered Shares in accordance with the book-based system. Certificates evidencing Offered Shares will not be issued to investors unless specifically requested or in connection with sales to U.S. persons or purchasers in the United States.

Under the terms of the Underwriting Agreement, the Company has agreed that, without the prior written consent of GMP, such consent not to be unreasonably withheld, it will not, and will not publicly announce any intention to, for a period of 90 days after the closing of the Offering, issue any ordinary shares or financial instruments convertible or exchangeable into ordinary shares of the Company other than: (i) the Private Placement; (ii) the exercise of convertible securities or warrants outstanding on the date hereof; or (iii) 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.

The Underwriter proposes to offer the Offered Shares to the public initially at the Offering Price. After the Underwriter has made a reasonable effort to sell all of the Offered Shares at the Offering Price, 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. Such decrease in the Offering Price will not affect the compensation of $ ● per Offered Share to be paid by the Company to the Underwriter, and it will not decrease the amount of the net proceeds of the Offering to the Company. The Underwriter will inform the Company if the Offering Price is decreased.

The Company intends to, concurrently with the Offering, complete the Private Placement of up to 21,500,000 ordinary shares at the Australian dollar equivalent of the Offering Price for gross proceeds to the Company of up to C$ ● million. The Private Placement will be conducted outside of Canada, principally in Australia, without preparation of a prospectus or registration statement and in accordance with section 708 of the Corporations Act. The Company will pay the Placement Commission to certain Australian Financial Services Licensees for services rendered in connection with the Private Placement. This short form prospectus does not qualify the distribution of the ordinary shares issued pursuant to the Private Placement, if any. The Company has applied for listing of the ordinary shares issuable pursuant to the Private Placement on the TSX. Listing will be subject to the Company fulfilling all the listing requirements of the TSX. The Company will also apply for quotation of the ordinary shares issuable pursuant to the Private Placement on the ASX.

Pursuant to policies of certain Canadian securities regulators, the Underwriter may not, throughout the period of distribution, bid for or purchase ordinary shares of the Company. The foregoing restrictions are subject to certain exceptions. The Underwriter may only avail itself 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 Company's 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 Underwriter may effect transactions which stabilize, maintain or support the market price of the 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 Company's 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 Underwriter in Australia or with persons in Australia.

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

The Company has applied to list the Offered Shares on the TSX. Listing will be subject to Mirabela fulfilling all the listing requirements of the TSX. In accordance with the listing rules of the ASX, Mirabela will also apply for official quotation of the Offered Shares on the ASX.

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 Offered Shares pursuant to the Offering and who, for purposes of the Tax Act and at all relevant times, holds the Offered Shares as capital property and deals at arm's length with, and is not affiliated with, either the Company or the Agents. Generally speaking, the Offered Shares will be considered to be capital property to a holder provided the holder does not hold the Offered Shares 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 an interest in which would be a "tax shelter investment" as defined in the Tax Act; (iii) a holder that is a "specified financial institution" as defined in the Tax Act; (iv) a holder in relation to which the Company is a "foreign affiliate" as defined in the Tax Act; or (v) a holder that has made a functional currency reporting election. **Any such holder should consult its own tax advisor with respect to an investment in the Offered Shares.**

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 of Offered Shares, and no representations with respect to the income tax consequences to any prospective purchaser or holder are made. Consequently, prospective purchasers of Offered Shares 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 Offered Shares (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.

Dividends on Offered Shares

The full amount of dividends received or deemed to be received by a holder on the Offered 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 6⅔% in respect of its "aggregate investment income" for the year, which will include such dividends. Australian tax, if any, payable by a holder in respect of dividends received on the Offered 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. Prospective investors 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 Offered Shares

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

Australian tax, if any, levied on any gain realized on the disposition of Offered 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. Prospective investors 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.

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 6⅔% of its "aggregate investment income" for the year (which is defined in the Tax Act to include taxable capital gains).

Proposals Regarding Foreign Investment Entities

Under legislation contained in former Bill C-10, amendments to the Tax Act were proposed by the Minister of Finance (Canada) regarding the taxation of certain interests in non-resident entities that are "foreign investment entities" (the "**FIE Proposals**"), to be generally applicable for taxation years commencing after 2006. Parliament was dissolved on September 7, 2008, before the FIE Proposals were enacted.

As part of the January 27, 2009 Federal Budget, the Minister of Finance (Canada) announced that the government would be reviewing the FIE Proposals and submissions made to the government thereon before proceeding with any amendments regarding the taxation of "foreign investment entities". There can be no assurance that the FIE Proposals will ultimately be enacted in the form set out in Bill C-10, or at all.

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 will 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 in accordance with the Tax Act and Regulations.

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 the 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 corporation then the corporation will not be a FIE for such taxation year.

In any event, the FIE Proposals will not apply in a taxation year of a holder of Offered Shares if, at the end of the taxation year of the Company that ends in such year, the Offered Shares are an "exempt interest" to such holder. Generally, Offered Shares will constitute an exempt interest to a holder at the end of a particular taxation year if:

(a) it is reasonable to conclude that the holder has, at that time, no "tax avoidance motive" (within the meaning of the FIE Proposals) in respect of the Offered Shares;

(b) throughout the period of the Company's taxation year that includes that time, either: (i) the Company is governed by and exists under the laws of Australia, and the Company is a resident of Australia for purposes of the Canada Australia Income Tax Convention (1980); or (ii) the Company is a resident of Australia for purposes of the Tax Act and the Offered Shares are listed on a designated stock exchange as defined in the Tax Act (which includes the ASX and the TSX); and

(c) throughout the period of the Company's taxation year that includes that time, the Offered Shares are an "arm's length interest" of the holder within the meaning of the FIE Proposals.

The determination of whether a holder has a tax avoidance motive in respect of the Offered Shares within the meaning of the FIE Proposals will depend upon the particular circumstances of the holder. Holders should consult their own tax advisors regarding the determination of whether they have such a tax avoidance motive.

The Offered Shares will qualify as an "arm's length interest" at any time in respect of a holder for purposes of the FIE Proposals provided: (i) it is reasonable to conclude that there are at least 150 persons each of which holds, at that time, ordinary shares of the Company having a total fair market value of at least C$500 or the Offered Shares are identical to shares of the Company which are listed on a designated stock exchange and such shares were traded at least 10 consecutive days on that stock exchange in the period that begins 30 days before that time; (ii) it is reasonable to conclude that the Offered Shares can normally be acquired and sold by members of the public in the open market; and (iii) the aggregate fair market value, at that time, of the ordinary shares of the Company that are held by the holder, or an entity or individual with whom the holder does not deal at arm's length, does not exceed 10% of the fair market value of all of the ordinary shares of the Company at that time. No assurances can be given that the Offered Shares will qualify as an arm's length interest upon the closing of the Offering or at any time in the future.

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 of the Company, 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. Prospective investors 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 Offered 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 Offered Shares, at any time in the taxation year or fiscal period exceeds C$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 taxation year will be a "specified Canadian entity". Prospective investors 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 purchaser who acquires Offered Shares pursuant to the Offering and who, for purposes of the Australian Tax Laws and at all relevant times, holds Offered Shares on capital account and who deals at arm's length with, and is not affiliated with, either the Company or the Agents. This summary does not address issues for purchasers who hold Offered Shares on revenue account and these purchasers should consult their own tax advisors with respect to their particular circumstances.

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 Offered Shares, and no representations with respect to the income tax consequences to any prospective purchaser or holder are made. Consequently, prospective purchasers of Offered Shares should consult their own tax advisors with respect to their particular circumstances.

Taxation of Holders of Offered Shares Resident in Canada

Dividends on Offered 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 Offered Shares

Canadian shareholders of 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 ordinary shares in the Company.

Taxation of Holders of Offered Shares Resident in Australia

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

Dividends on Offered Shares

Broadly, dividends paid on the Offered 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 Offered Shares

Australian resident shareholders who hold Offered 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 Offered 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 Offered Share where the proceeds of disposition received are less than the reduced cost base of the Offered 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 33⅓% capital gains discount is available if the Offered Shares are held for at least 12 months. This concession will result in only 66⅔% 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 its 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 provincial governments and local people and with its joint venture partners. However, investment in the Offered Shares 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 risk 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 management's discussion and analysis incorporated by reference in this short form prospectus.

Delays at the Santa Rita Project

The Santa Rita Project is expected to be cash flow positive by March 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, delays in obtaining the required permits or consents or cost overruns.

Additional Funding may be Required

If there are delays in the commissioning of the Santa Rita Project or unanticipated cost overruns, 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 any significant projects already in production and with significant amounts of existing indebtedness to attract additional 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.

Increases in Capital and Operating Cost Estimates

Capital and operating costs are estimated based on the interpretation of geological data, feasibility studies, anticipated climatic conditions and other factors. Any of the following events, among the other events and uncertainties described in this prospectus, could affect the ultimate accuracy of such estimate and result in an increase in actual capital and operating costs incurred: (i) unanticipated changes in grade and tonnage of ore to be mined and processed; (ii) incorrect data on which engineering assumptions are made; (iii) delay in construction schedules, unanticipated transportation costs; (iv) the accuracy of major equipment and construction cost estimates; (v) labour negotiations; (vi) changes in government regulation (including regulations regarding prices, cost of consumables, royalties, duties, taxes, permitting and restrictions on production quotas on exportation of minerals); and (vii) title claims. The Company has previously incurred capital cost overruns at the Santa Rita Project, and although construction is 90% complete, there can be no assurance that cost overruns will not continue to occur in respect of the final phase of construction or in respect of operating costs thereafter.

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 similar to the prevailing market price.

Future 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.

The Company's Financial Condition

As at June 30, 2009, the Company had a working capital deficiency of approximately US$32 million. In addition, as of the date hereof the Company has long term debt in the principal amount of approximately US$246 million. The Company recorded a net loss of A$48.4 million for the six months ended December 31, 2008 and a net loss of A$54.8 million for the nine months ended March 31, 2009.

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.

Foreign Exchange Risk

Exchange rate fluctuations have affected the Company's costs, revenue and cash flows and have recently resulted in a foreign exchange loss of $10 million Brazilian Reias (C$5.8 million) upon the conversion of proceeds of the Senior Loan to pay for Santa Rita Project construction costs. Although the Company raises equity in Canadian and Australian dollars and the Company's indebtedness is denominated in United States dollars, portions of the Company's operating expenses and portions of the remainder of its capital expenditures are incurred in Brazilian reais. Further, nickel is sold throughout the world based principally on a United States dollar price.

Accordingly, adverse fluctuations in the relative price of the Brazilian real and the Canadian, Australian and United States dollars would effectively increase the costs of development and production at the Santa Rita Project and could materially and adversely affect the Company's earnings and financial condition.

Interest Rate Risk

The Company's various credit arrangements accrue interest at variable rates that fluctuate with LIBOR. Although the Company has entered into agreements to hedge, to a certain extent, against unfavorable changes in interest rates, the Company may be exposed to adverse interest rate fluctuations that could have a material adverse impact on the Company's financial position.

Failure to Comply with Restrictions and Covenants in the Senior Loan Agreement

The Senior Loan Agreement contains covenants and imposes restrictions on the Company's ability to complete certain transactions. For example, the Senior Loan Agreement requires that the Company maintain certain financial ratios, complete the Santa Rita Project by September 30, 2011, in accordance with the agreed upon mine plan, enter into a port agreement for shipping product, maintain offtake agreements in respect of at least 70% of targeted production and maintain a tangible net worth of at least A$200 million. The Senior Loan Agreement also prohibits the Company from paying any dividends or making any other distributions to its shareholders, incurring additional indebtedness or entering into any hedging arrangements other than those expressly permitted thereby. While the Company is currently in compliance with all such covenants and restrictions, a breach by the Company of any covenant or restriction in the Senior Loan Agreement will constitute an event of default under the Senior Loan Facility, entitling the Lenders to accelerate the payment of amounts due thereunder. The Senior Loan is secured by all of the Company's assets. An obligation to repay the amount owing under the Senior Loan Agreement before its stated maturity could have an adverse affect on the Company and its financial position.

Discretion in the Use of Proceeds

Management will have discretion concerning the use of proceeds of the Offering as well as the timing of their expenditures. As a result, investors will be relying on the judgment of management as to the application of the proceeds of the Offering. Management may use the net proceeds of the Offering in ways that an investor may not consider desirable. The results and effectiveness of the application of the proceeds are uncertain. If the proceeds are not applied effectively, the Company's results of operations may suffer.

Changes in the terms of the Senior Loan

The terms of the 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 Senior Loan (including increasing the interest rate margin or the arrangement fee); and (ii) the structural terms of the 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 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

Caterpillar Financial may 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.

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 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.

INTEREST OF EXPERTS

The matters referred to under *"Eligibility for Investment"* and certain other legal matters relating to Offered Shares will be passed upon at the date of closing of the Offering on behalf of the Company by Lawson Lundell LLP and on behalf of the Underwriter by Cassels Brock & Blackwell LLP. As at the date hereof, the partners and associates of Lawson Lundell LLP and Cassels Brock & Blackwell LLP, each as a group, 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 Technical Report, held at the time of preparation of the Technical Report, and did not and will not receive after that time, 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 Pty Ltd. 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, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission 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 advisor.

AUDITORS' CONSENT

The Board of Directors of Mirabela Nickel Limited

We have read the preliminary short form prospectus of Mirabela Nickel Limited (the "**Company**") dated July 27, 2009 relating to the issue and sale of ordinary shares 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 preliminary 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 June 30, 2007 and the consolidated statements of income, statement of changes in equity and statements of cash flows for the years ended June 30, 2008 and June 30, 2007. Our report is dated September 30, 2008.

Perth, Western Australia	(Signed) KPMG
July 27, 2009	Chartered Accountants

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.
Bronzitite	an orthopyroxenite mineral dominated by the mineral hypersthene.
c	*circa* (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	millimetre.
Mt	million tonnes.
Mtpa	million tonnes per annum.
Ni	the chemical symbol for nickel.
NPV	net present value.
NQ_2	size of diamond drill rod/bit/core.
^{o}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: July 27, 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 in 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

CERTIFICATE OF THE UNDERWRITER

Dated: July 27, 2009

To the best of our knowledge, information and belief, 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 in all of the provinces of Canada, except Québec.

GMP SECURITIES L.P.

By: (Signed) MARK WELLINGS
Managing Director, Investment Banking

MIRABELA NICKEL
LTD