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QUARTERLY ACTIVITY REPORT FOR THE PERIOD ENDED 30 JUNE 2009

HIGHLIGHTS

- US$323m debt and equity financing for Santa Rita completed in difficult markets
- Construction of Santa Rita expected to be completed in late September 2009
- US$55m equipment lease facility with Caterpillar Financial
- Additional hedging of 2,400t Ni at US$6.60lb and US$40m in FX at an average of BRL 2.12
- Preliminary mining study completed on underground mining project at Santa Rita

Note: The Appendix 5B cashflow statement is still being finalised and will be lodged separately on or before 31 July.

SANTA RITA PROJECT

Santa Rita Construction Update

Details of the project status are as follows:

- Pre-strip of 170,000t of ore on the ROM pad, with an additional 800,000t 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
- Main conveyors are completed
- Reclaim tunnel is complete with all 3 apron feeders tested and run without load
- Conveyors for pebble recycle circuit have been tested
- Flotation tanks and thickeners are complete and water tested
- LAROX filter is installed and is expected to be ready for commissioning within the next few weeks
- Blowers are installed and awaiting commissioning
- Reagent tanks and dosing pumps have been water tested
- Compressed air system is commissioned and compressed air distributed throughout the plant
- Raw water supply and storage is commissioned
- Plant water system is commissioned

- Main substation is almost complete, and will be commissioned within the next few weeks, enabling full power to be supplied to the entire plant
- All electrical rooms are fully commissioned
- Control room is complete and “dry run” commissioning is underway
- Tailings dam is complete and fully prepared for commissioning
- 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 this installation process and on commencing commissioning of the plant in late September 2009.

Santa Rita Mining Fleet

Mirabela Brazil entered into a master funding and lease facility agreement with Caterpillar Financial pursuant to which Caterpillar Financial agreed to extend up to US$55 million 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 (100t), two D9 tracked bulldozers and a grader has recently been delivered. A second delivery of larger capacity Caterpillar 785 trucks (150t), an additional two 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.

Senior Management Appointments

The Company has recently made a number of the 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 Santa Rita. Mr Hyde was a member of the founding management team of LionOre Mining International and played a major role in managing that company’s operations, including two years as Chairman of LionOre Australia, ending in 2006 when the company was acquired by Norilsk Nickel International. As Managing Director of Tati Nickel, a LionOre subsidiary, Mr Hyde was responsible for overseeing the Selkirk and Phoenix open-cut nickel sulphide operation from conception to production and through numerous plant upgrades.

Mr Peter Breese, previously Chief Executive Officer of Norilsk Nickel International, is assisting Mr Hyde on an ad hoc basis and 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 and the Managing Director. Mr Breese is the Chairman of this committee.

Mr Chris Els has been appointed Chief Financial Officer of Mirabela commencing 1 August, 2009 having recently resigned from his previous role as Chief Financial Officer of Norilsk Australia (formerly LionOre Australia). 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.

The Company is pleased to have made appointments of this calibre with direct experience in nickel sulphide operations. The involvement of this ex-Lionore team will bring significant intellectual capital to the Company.

Project financing during the Quarter

On March 19, 2009 the Company issued 120 million subscription receipts (each of which was ultimately converted into one ordinary share) at a price of C$1.00 each, raising C$120 million. An additional 32,445,275 ordinary shares were issued on April 17, 2009 to Australian institutional investors at A$1.20 each, to raise A$38.9 million. Finally, on May 18, 2009 a further five million ordinary shares were issued to Australian institutional investors at A$2.15 each, raising a further A$10.75 million.

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 for a US$190 million senior term loan.

In May 2009, the Company made its first drawdown under the senior loan of US$165 million. These proceeds were used to: (i) repay a US$80 million bridge term loan made in July 2008 by Barclays and Credit Suisse; (ii) fund a US$25 million reserve contingency account; and (iii) fund Santa Rita project construction and development costs.

As at the date of this report, a balance of US$25 million of the Senior Loan is available to be drawn, and a balance of US$25 million remains on deposit in the reserve contingency account.

Additional financing underway

The Company filed a Canadian preliminary short form prospectus in connection with a proposed overnight marketed offering of ordinary shares of the Company on 27 July 2009. The offering will be led by GMP Securities L.P. The Offering will be priced in the context of the market, whereupon an underwriting agreement will be executed.

The Company intends to, concurrently with the Canadian offering, complete a private placement of up to 21,500,000 ordinary shares at the Australian dollar equivalent of the offering price under the Canadian short form prospectus. The private placement will be conducted principally to Australian institutional investors as an exempt offer in accordance with section 708 of the *Corporations Act*. Macquarie Securities and Argonaut Securities will be joint lead managers of the private placement.

Pursuant to the current Technical Report, 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 $6 million was financed using the proceeds of the private placement referred to above and completed in May 2009. .

In July 2009, the Company further 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 cost overruns, which aggregate US$28.1 million, represent a cost overrun of about 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. 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, 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 Santa Rita construction costs are 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). This foreign exchange shortfall effectively reduced the proceeds of the Senior Loan available to pay Santa Rita Project construction costs by the same amount.

Accordingly, Mirabela intends to allocate the net proceeds of the Canadian short form prospectus offering and Australian private placement as summarized below, with the balance of proceeds raised being allocated to general working capital:

Santa Rita Project Cost Overruns	R$53.9m (US$28.1m)
Optional Capital Items	R$11.2m (US$5.8m)
Pre-Production Expenses	R$10.2m (US$5.3m)
Foreign Exchange Shortfall	R$10.1m (US$5.3m)
Total	R$85.4m (US$44.5m)

**Converted at an exchange rate of R$1.92 to the US dollar*

Hedging

The Company entered into additional nickel hedges in June 2009, with 2,400t of nickel sold at an average price of USS$6.60/lb (US$14,550.51/t) for the delivery period July 2010 to June 2011. These hedges are in addition to the original hedging required by the Senior Loan of 17,000t of Nickel at USS$8.00/lb (US$17,637/t), and 8,952t of Cu at US$2.73/lb (US$6.012/t). The original hedging was designed to support the 4.6mtpa throughput project. The additional hedging arrangements are designed to provide support for the revised 6.4mtpa throughput project.

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

Vale (Inco) termination of Farm-In Agreement

Vale subsidiary Inco Brasil Limitada has agreed to formally terminate the Farm-in Agreement covering potential underground nickel sulphides at the Company's Santa Rita and Palestina projects. Inco Brasil has undertaken no activity under the Farm-in Agreement for over two years, and Mirabela believes the agreement to have lapsed. However, any ongoing uncertainty in that respect is now removed. The termination agreement involves no consideration other than mutual releases.

Santa Rita Drilling

No exploration drilling was undertaken during the quarter. Results from all previous drilling have been announced, as previously reported.

Santa Rita Underground Resource and Scoping Study

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 5 million tonnes per annum. A 5 million tpa underground production capacity would require an expansion of the existing mill to approximately 11 million tpa.

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

The proposed underground development is to be undertaken in phases, thereby minimizing the upfront capital requirements and enabling a smaller initial underground mining 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.

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

CORPORATE

During the quarter under review a total of 158,095,275 ordinary shares were issued, following the completion of the share issues in April and May, and after the exercise of 650,000 options. As at 30 June 2009 the Company's issued share capital consisted of 287,886,375 shares.

A total of 1,500,000 options facility were cancelled. The options were issued in conjunction with the Bridge Loan facility and, the Bridge Loan having been repaid, it was agreed to cancel the options. A total of 650,000 options were exercised during the period. The balance of 12,958,900 options was outstanding as at 30 June 2009.

The Company had cash balances on hand at 30 June 2009 of A$38 million (approximately US$31 million), including US$25 million held in the Santa Rita project contingency reserve account.

Undrawn financing facilities included an undrawn amount of US$25 million under the US$190 million Senior Loan, and US$49.1 million available under the equipment leasing facility with Caterpillar Finance.

The Appendix 5B cashflow statement is still being finalised and will be lodged separately on or before 31 July.

Caution Concerning Forward-Looking Statements:

This report 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 placement 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 report, 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 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, 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 prove to be 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) discretion in the use of proceeds; (vii) adverse fluctuations in interest rates; (viii) changes in the terms of the Company's senior loan in order to achieve successful syndication; (ix) changes in the terms of the Company's equipment leasing facility in order to achieve successful syndication; (x) structural subordination of the Company's ordinary shares; and (xi) 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.