



**MIRABELA NICKEL**  
LTD

ABN 23 108 161 593

Level 21, Allendale Square  
77 St Georges Terrace  
Perth WA 6000

Tel: +61 8 9324 1177  
Fax: +61 8 9324 2171

info@mirabela.com.au

02 February 2009

Manager Announcements  
Company Announcements Office  
Australian Securities Exchange  
10th Floor, 20 Bond Street  
SYDNEY NSW 2000

*via electronic lodgement*

**DECEMBER 2008 QUARTERLY ACTIVITIES & CASHFLOW  
REPORT - AMENDED**

---

Attached for immediate release, please find December 2008 Quarterly Activities and Cashflow Report, amended to include the Forward Looking Statement.

Yours faithfully  
Mirabela Nickel Ltd

**STEPHEN HILLS**  
Company Secretary



# MIRABELA NICKEL LTD

ABN 23 108 161 593

Level 21, Allendale Square  
77 St Georges Terrace  
Perth WA 6000

Tel: +61 8 9324 1177  
Fax: +61 8 9324 2171

info@mirabela.com.au

30 January 2009

Company Announcements Office  
Australian Securities Exchange  
10<sup>th</sup> Floor, 20 Bond Street  
Sydney NSW 2000

---

## QUARTERLY ACTIVITY REPORT FOR THE PERIOD ENDED 31 DECEMBER 2008

---

### HIGHLIGHTS

- Santa Rita project financing almost finalised
- Increased proven and probable mining reserve to 121 Mt at 0.60% Ni (726,000t or 1.6bn lbs of contained Ni) – an increase of 44% from the previous reserve estimate
- Announced maiden Underground Resource for Santa Rita of 55 Mt at 0.82% Ni (450,000t or 2.6Bn of contained Ni)
- Construction on track for mid-2009 start-up

### SANTA RITA

#### *Project financing*

Notwithstanding exceptionally difficult credit market conditions, the Santa Rita project financing is almost in place. The financing is now split into senior debt of up to US\$200m and a mezzanine facility of up to US\$80m. The senior debt facility has been successfully syndicated and the Company is now documenting the commitments from the participating banks. The mezzanine facility is at terms sheet stage, with a fast track commitment and documentation process now underway. The Company expects both facilities to be completed in February.

The Company has recently received considerable interest from equity market participants. The mezzanine facility can be replaced in whole or part by an equity raising. The Company's preferred position is to complete the mezzanine facility as planned.

#### *Santa Rita Open-Pit Reserves and Resources*

An updated Proven and Probable Reserve for Santa Rita was announced in November 2008. This represents a 44% increase from the previous reserve estimate of 88mt @ 0.61% Ni.

**Santa Rita Proven and Probable Reserves November 2008**

<b>JORC Reserve</b>	<b>Mt</b>	<b>Ni</b>	<b>Cu</b>	<b>Co</b>	<b>Pt (ppb)</b>
Proven	15.1	0.65%	0.16%	0.017%	108
Probable	105.9	0.59%	0.16%	0.015%	89
<b>Total</b>	<b>121.0</b>	<b>0.60%</b>	<b>0.16%</b>	<b>0.016%</b>	<b>91</b>

Contained nickel – 726,000t (1.6 billion lbs)

Strip ratio – 7.2 to 1

Weighted average recovery – 70.2% Ni

The Reserve estimate is based upon the Potential Mill Feed Resource Estimate (pit optimised resource) announced in September 2008 as follows:

Measured and Indicated Resource – 130mt grading 0.60% Ni and 0.16% Cu

Inferred Resource – 20mt grading 0.60% Ni and 0.16% Cu

Strip ratio – 7.6 to 1

The Reserve estimate cannot include the 20mt of Inferred Resource (located at the base of the resource pit shell) and therefore uses a smaller pit design based only upon the Measured and Indicated Resource. An additional 11,000m of in-fill drilling is required to convert this Inferred Resource to Indicated, whereupon the Reserve estimate is likely to be upgraded to a larger pit broadly in line with that used for the resource.

The recent pit optimisation work highlights the need for further drilling in the Central deeps area, where the only constraint on the pit driving deeper appears to be a lack of data. Based on recent drilling results, the Southern high grade zone is broadening with depth particularly to the north into the Central deeps area. Accordingly, there remains the potential for at least one more substantial in-pit resource upgrade. An additional 8,000m of Pit Extension drilling is planned in this area once resource drilling recommences.

The final pit design was based on a pit optimisation shell run at a nickel price of US\$7.00 lb (discounted). The final pit is 2,300m long in the north-south direction and 1,250m wide in the east-west direction. The base of the pit is 555m vertical depth (from the eastern surface), and the total surface area is about 173 hectares.

The conversion of resources to reserves (as defined by the Canadian NI 43-101 and Australian JORC mining codes) requires detailed estimates of economic and physical parameters for mining. The resultant average owner-operator mining costs (US\$ per tonne of material) are as follows:

Operating cost – \$1.20/t\*

Capital allowance – \$0.24/t

Total mining cost – \$1.44/t (or \$11.85 pt ore)

*\* based on a long term exchange rate of R\$2.20 to the US dollar*

This is a modest increase in average mining costs relative to the Company's maiden reserve announced in January 2008, mostly attributable to the greater average depth of the pit. Also, about 10% of the total material movement will be by contractor mining to reduce the owner mining fleet requirements in peak years where material movement exceeds 55 million tonnes. The contractor mining cost is estimated to be US\$1.57/t.

## *Santa Rita Underground Resource*

In December 2008 the Company announced a maiden underground resource for Santa Rita as follows:

**Santa Rita underground resource December 2008**

<b>JORC/NI 43.101 status</b>	<b>Mt</b>	<b>Ni</b>	<b>Cu</b>
Inferred Resource	55	0.82%	0.24%

Contained nickel – 450,000t (1 billion lbs)

The underground resource lies immediately below the current open-pit resource between 500 and 1000m vertical depth.

About 95% of the underground resource is contained within one continuous zone of mineralization, with the remaining 5% of the resource located within two footwall horizons. The main mineralized zone has an average true width of about 90m, a strike length of 300m and a down plunge extent of 650m. The best intersection to date (158m at 0.99% Ni) is the deepest hole at the north end of the resource with mineralization open towards the north, south and at depth.

Mineralization in the main zone is continuous and consistently above 0.5% Ni with higher grade intersections up to 65m @ 1.22% Ni, 0.36% Cu. The drill hole spacing is currently between 100 and 120m.

Scoping studies on the underground mining project have been positive and the resource seems highly amenable to bulk underground mining techniques (between 3 and 5 mtpa production rate). Other similar mining operations can have mining costs as low as US\$20/t. Planning is now underway for a pre-feasibility study that is to be managed by Trevor Mulroney - a mining engineer with considerable underground mining experience. An expansion of the Santa Rita concentrator, to include underground production on this scale, is possible and would be expected to capture substantial economies of scale and infrastructure.

Preliminary analysis indicates that the underground resource has similar metallurgical characteristics to the open-pit reserve. About 82% of the underground resource is hosted by the preferred pyroxenitic rocks that contain less non-sulphidic nickel than other host rocks in the resource. The combination of a higher head grade and pyroxenite content are expected to lift recoveries to about 78% for the underground resource, compared with the 70% average recovery for the open-pit reserve. Metallurgical test work is underway to confirm recoveries and processing characteristics for the underground resource.

The Company is targeting 60 to 80mt of minable underground resources to support underground production of about 3mtpa for over 20 years. This maiden underground resource is an excellent start to achieving this objective.

Further drilling is planned, but is awaiting completion of project financing.

## *Santa Rita Construction Update*

Project construction is now about 85% complete. Details as at end of January are as follows:

- Removed about 7mt of the expected 9.5mt of required stripping and commenced delivery of ore to the ROM pad
- Primary crusher civil installation complete and all equipment is now delivered
- Conveyor equipment delivered and installation is 80% complete
- Crushed ore stockpile and installation of apron feeders complete
- Grinding circuit foundations and steel infrastructure 95% complete

- Delivery of SAG and ball mills underway
- Flotation cells installed with surrounding infrastructure 90% complete
- Thickeners 80% complete
- Filter housing 90% complete and filter currently in transit
- Tailings dam complete
- Laboratory offices 80% complete with equipment expected to arrive by April

### *Hedging*

Nickel and copper hedging in support of Senior Debt loan arrangements for the Santa Rita project was completed in the September quarter. The hedging comprises 17,000t of Ni forward sold at an average price of US\$8.00lb over the period July 2010 to March 2014 and 9,000t of Cu forward sold at an average price of US\$2.73lb over the period April 2011 to March 2015. The positive mark-to-market value of these hedges was approximately US\$102 million at 31 December 2009.

Santa Rita's production costs will be largely denominated in Brazilian Real (BRL). As metals prices are fixed under the nickel and copper hedging arrangements, the company has undertaken currency hedging to improve the certainty of operating costs in USD (by protecting against an adverse strengthening of the BRL) over the senior loan debt service period. Mirabela has forward contracts to sell USD 119 million/buy BRL at an average BRL/USD exchange rate of 2.14 for a monthly profile over the period January 2010 to July 2013. These agreements have a negative mark-to market of US\$27 million at 31 December 2009.

Mirabela has foreign currency agreements in place to hedge the Brazilian Real/US Dollar exchange rate applicable to US\$185 million of capital expenditure for the Santa Rita project at an average BRL/USD rate of 1.94. These agreements mature over the six months ending 30 June 2009, and have a negative mark-to market of US\$39 million at 31 December 2009. This negative mark to market is mostly offset by a reduction in capital costs, i.e. the Santa Rita capital costs estimate is based upon a BRL/USD rate of 2.00. Since November 2008 the BRL/USD rate has averaged more than 2.30, so capital expenditure spent in BRL since then has achieved at least a 15% better conversion rate than budgeted. The US\$185m hedged was designed to approximately equal capital expenditure post November 2008 that requires conversion to BRL.

## **CORPORATE**

At 31 December 2008 Mirabela's share capital consisted of 129,791,100 shares. The Company had cash balances on hand at 31 December 2008 of A\$13.0 million (approximately US\$9 million at the ruling rate of exchange).

*On behalf of the Board of Directors*

For further information contact:

**Stephen Hills**  
Company Secretary

**Nick Poll**  
Managing Director

**Caution Regarding Forward Looking Statements:**

*The forward-looking statements made in this announcement are based on assumptions and judgments of management regarding future events and results. Such forward-looking statements involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any anticipated future results, performance or achievements expressed or implied by such forward-looking statements. There can be no assurance that the capital expenditures required to construct a mine and related processing facilities at the Santa Rita Project will be as expected or that the Company will successfully arrange all required project finance facilities. There can be no assurance that an expanded mineral resource or reserve will be established at the Santa Rita Project.*

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

MIRABELA NICKEL LIMITED

ABN

23 108 161 593

Quarter ended ("current quarter")

31 December 2008

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(2,618)	(12,477)
(b) development	(138,232)	(281,622)
(c) production	-	-
(d) administration	(871)	(3,081)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	507	1,134
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>	<b>(141,214)</b>	<b>(296,046)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(1,410)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Cash acquired in subsidiary	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>(1,410)</b>
1.13 <b>Total operating and investing cash flows (carried forward)</b>	<b>(141,214)</b>	<b>(297,456)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	7	10
1.15	Costs of the issue	-	-
1.16	Proceeds from borrowings	129,932	242,442
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (realised gains/ (losses) on forward contracts)	(2,116)	13,776
<b>Net financing cash flows</b>		<b>127,823</b>	<b>256,228</b>
<b>Net increase (decrease) in cash held</b>		<b>(13,391)</b>	<b>(41,228)</b>
1.20	Cash at beginning of quarter/year to date	26,811	45,955
1.21	Exchange rate adjustments to item 1.20	(371)	8,322
1.22	<b>Cash at end of quarter</b>	<b>13,049</b>	<b>13,049</b>

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	(282)
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil
1.25	Explanation necessary for an understanding of the transactions	
<p>The aggregate amount includes payments of directors' fees, consulting fees, provision of technical services and reimbursement of expenses.</p>		

**Non-cash financing and investing activities**

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

At 31 December 2008 the company had forward contracts to sell 17,000t nickel at average US\$8/lb and 9,000t copper at average US\$2.73/lb, and foreign exchange contracts to sell US\$304 million/buy Brazilian real at an average rate of BRL 1.98. The mark-to-market value of outstanding trades at the balance date was + US\$101.9 million for metals and – US\$65.7 million for FX, for a net in the money position of US\$36.2 million.

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.



### Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities *	242,442	242,442
3.2 Credit standby arrangements	-	-

\* Loan facilities provided by offtake partners (US\$100 million) and Barclays/Credit Suisse (US\$80 million) are fully drawn. The company is making good progress in finalising the senior debt facility for the Santa Rita project. Estimated cash outflows for development (under 4.2 below) will be funded from these arrangements.

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	(650)
4.2 Development (estimate US\$67m)	(98,000)
<b>Total</b>	<b>(98,650)</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	107	926
5.2 Deposits at call	12,942	25,855
5.3 Bank overdraft	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>13,049</b>	<b>26,811</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	-	-	-	-
6.2 Interests in mining tenements acquired or increased	-	-	-	-

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

		Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1	<b>Performance +securities</b> <i>Convert to ordinary securities on development of a commercial mining project</i>				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs.				
7.3	<b>+Ordinary securities</b>	<b>129,791,100</b>	<b>129,791,100</b>		
7.4	Changes during quarter (a) Increases through issues  (b) Decreases through returns of capital, buy-backs				
7.5	<b>+Convertible debt securities</b> <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> <i>(description and conversion factor)</i>	<b>15,108,900</b>  Convert on a 1:1 basis	<b>Nil</b>	<b>Exercise price</b> \$0.60 (0.65m) \$0.95 (0.8089m) \$5.60 (1.8m) \$6.20 (1.4m) \$6.20 (0.3m) \$6.20 (0.35m) \$6.20 (0.3m) \$7.22 (1.5m) US\$8.00 (5.0m)  \$3.00 (3.0m)	<b>Expiry date</b> 30 June 2009 30 September 2009 23 February 2011 30 June 2011 7 September 2011 31 December 2011 11 September 2012 7 July 2011 Final repayment of the Norilsk loan (scheduled expiry 31/12/12) 7 July 2013

+ See chapter 19 for defined terms.

7.8	Issued during quarter	300,000		\$6.20	
		1,500,000		\$7.22	
		5,000,000		US\$8.00	
		3,000,000		\$3.00	
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	<b>Debentures</b> <i>(totals only)</i>				
7.12	<b>Unsecured notes</b> <i>(totals only)</i>				

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Stephen Hills

Company Secretary

Date: 30 January 2009

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==