

ASX Code: MBN  
TSX Code: MNB

Number of shares:  
**367,098,825**

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## Quarterly Activity Report For The Period Ended 31 March 2010

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Perth, Australia – 29 April 2010: Mirabela Nickel is pleased to announce its results for the period ended 31 March 2010.

### HIGHLIGHTS

- Continued ramp up of mining, processing, production and sales
- Production of 1,991 tonnes of nickel in concentrate for the quarter
- Sales of 1,987 tonnes of nickel in concentrate for the quarter
- Export Operations Licence granted for preferred port town of Ilheus
- Executive team strengthened with appointment of MD Brazil and VP Business Development
- 2010 production guidance: 10,500 to 12,500 tonnes of nickel in concentrate

### SANTA RITA PROJECT

Ramp up of the Santa Rita operations continued during the first quarter of 2010. All key production parameters improved during the quarter as the mining fleet arrived and activity levels increased.

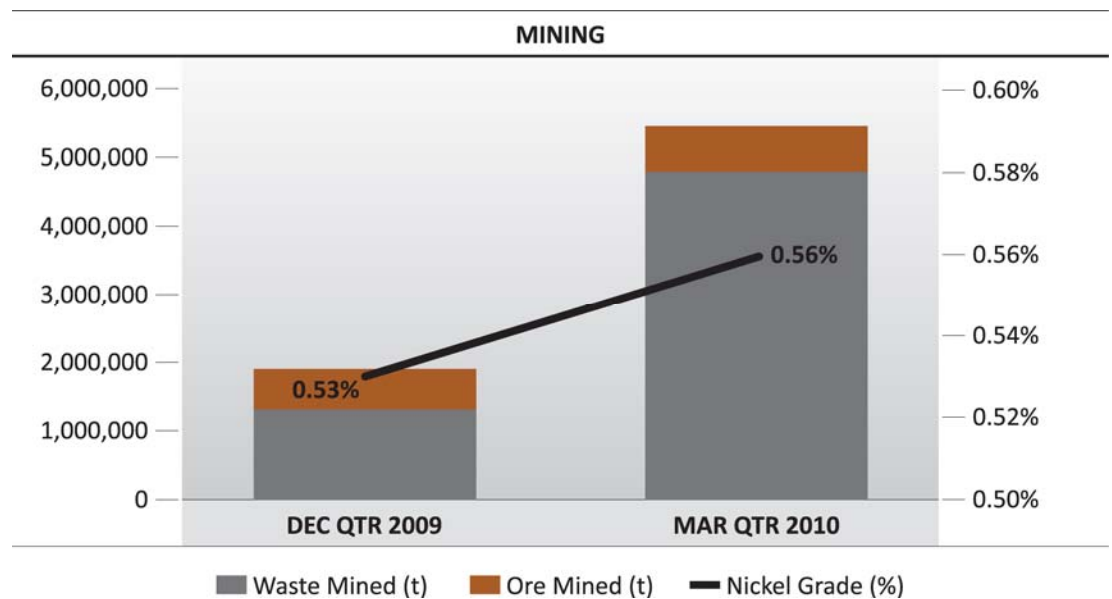
A review of the mine plan was completed during the quarter. The new mine plan has re-confirmed the physicals of the feasibility mine plan but highlighted the need to catch up a shortfall in waste removal during 2009. As such, the target waste to ore mining ratio for 2010 has increased to 8.5:1.

Whilst excellent progress has been achieved in ramping up all aspects of the operation during the first quarter, the mining ramp up is currently four weeks behind schedule. The operations team continues working towards achieving a sustainable throughput rate of 4.6Mtpa, on an annualised basis, during the second quarter of 2010.

Since commencing operations the project's safety performance has remained ahead of the Brazilian mining average with a Lost Time Injury frequency rate for the quarter of 1.5, (December 2009 quarter 1.4). The implementation of safety training and safety improvement programs is continuing.

Production guidance for the full year 2010 is between 10,500 and 12,500 tonnes of nickel in concentrate.

## Mining



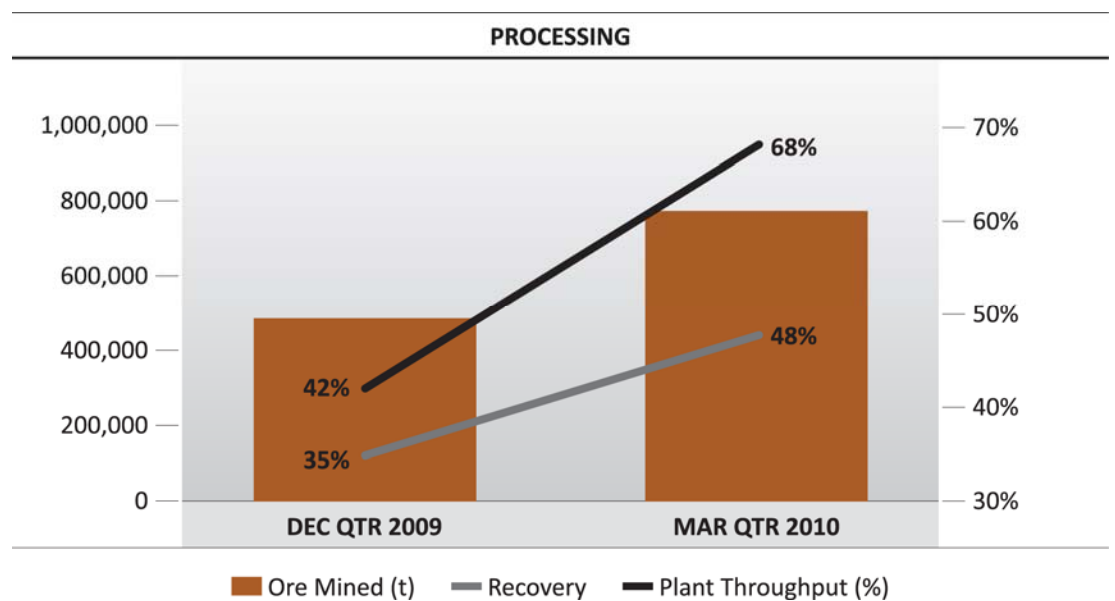
During the first quarter the mining operations were predominantly in the northern end of the ore body with pre-stripping at the southern end of the ore body commencing with the mobilisation of a contractor fleet during the quarter. Pre-strip is expected to occur in the central part of the ore body later in 2010. Early indications are that mining in the transitional zone is seeing higher internal dilution than expected and, in the short term, the resultant head grades are proportionately lower. Weathering in the transitional zone was found to be more pervasive than anticipated, particularly down the two main structures in the pit where alteration products have been found. Investigations continue to determine the likely extent and depth of the alteration materials currently being encountered in the transition zone of the north pit.

During the March quarter the majority of ore was mined from the North Pit transitional ore zone, with limited access to primary ore benches. A total of 653,000 tonnes of ore was mined at an average nickel grade of 0.56% for the quarter. Waste removal increased substantially with the focus on opening up the North Pit ore access and pre-stripping the South pit.

The mining operations continue to ramp up and all the necessary equipment to meet current nameplate capacity for this year is now on site: six CAT 777 trucks, nine CAT 785 trucks, three RH 120 excavators, one RH 90 excavator, one CAT 992 front end loader, one PV271 drill rig and three L8 drill rigs, two CAT D10 dozers as well as other ancillary equipment.

The additional mining fleet equipment required for next year will start to arrive shortly and includes three CAT 785 trucks and one CAT 994 front end loader, which are expected to be delivered during the second quarter, and one VP271 drill rig, which is expected to be delivered during the third quarter 2010.

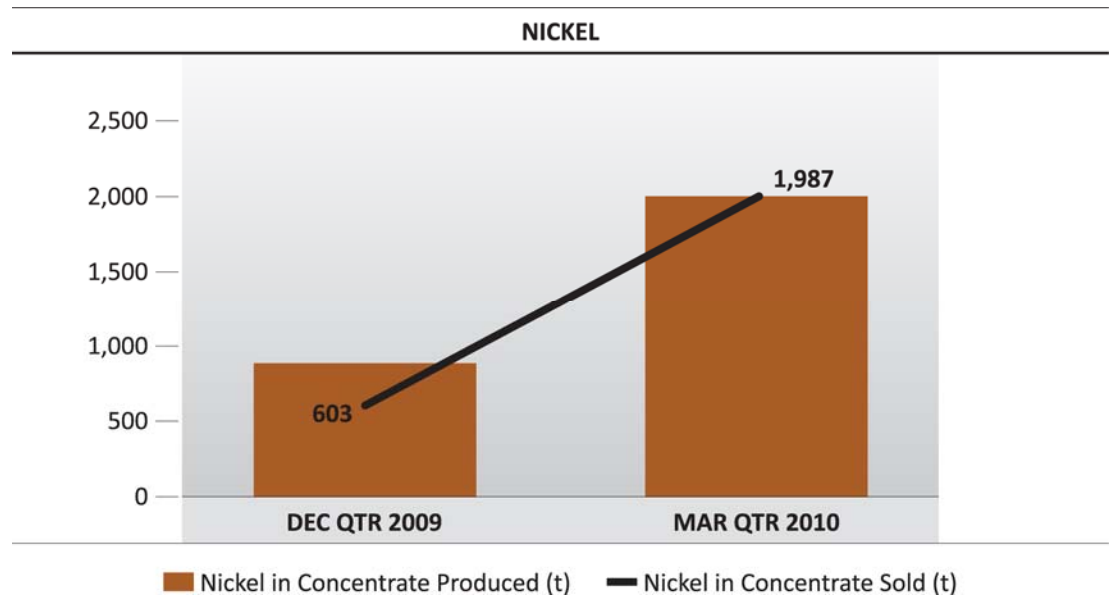
**Processing**



The processing plant continued to perform well, with improving recovery performance and production levels. During the quarter a total of 778,000 tonnes of ore was milled at an average recovery of 48% for the quarter. The recovery performance was improved through the introduction of a new reagent regime, designed to control the altered material present in the ore. Recovery performance improved each month and averaged 52% for March 2010.

The plant ran at an average of 68% nameplate capacity compared with 42% for the December quarter. The restricted mining fleet capacity and subsequent limited ore available for processing continued to be the limiting factor.

During the quarter a total of 1,991 tonnes of contained nickel in concentrate, 721 tonnes of contained copper in concentrate, and 35 tonnes of contained cobalt in concentrate were produced. All production was within contract specifications and 1,987 tonnes of nickel in concentrate was sold to Mirabela's domestic customer, Votorantim Metais Niquel S.A.



During the quarter Mirabela was granted an environmental licence by the Municipal Council for Environmental Defense of Ilheus - Condema for the loading, storage and up-loading of nickel concentrate in the town of Ilheus. The granting of this licence clears the way for Mirabela to commence export operations through the Ilheus port, located approximately 136 kilometres from Mirabela's Santa Rita mine. Exports of nickel concentrate to Norilsk Nickel are expected to commence later in the second quarter or early third quarter 2010.

## **CORPORATE**

### ***Executive and Board Changes***

Mirabela strengthened its executive team during the quarter with the appointment of Mr Luis Nepomuceno as Managing Director Brazil, effective immediately and Mr Bill Bent, VP Business Development, effective 1 June 2010.

Mr Nepomuceno has over 25 years of international and Brazilian experience in the mining sector. He has held senior executive roles at Vale, MHAG Iron Ore Mining and Magnesita and has a strong track record in successful operational management, reducing and optimizing costs, environmental management and implementing best practice across operational divisions. Mr Nepomuceno has a BS degree in Agronomic Engineering from the University of Rio de Janeiro and two post-graduate degrees in Environmental Control from the University of Ghent and the Japan International Cooperation Agency.

Mr Bent joins Mirabela from PriceWaterhouseCoopers, where he has been Director of Strategy. He has over 12 years industry and consulting experience focusing on strategy development, revenue growth, change management and performance improvement. Prior to joining

PricewaterhouseCoopers Advisory (formerly Mainsheet Corporate), Bill has worked as a Senior Consultant with the Corven Group in the UK both in the Consulting & Corporate Finance divisions, worked for Genesis Oil & Gas as a Consultant and for Anglo American Corp South Africa. Mr Bent has a degree in BSc Chemical Engineering from the University of Cape Town and an MBA from Cranfield University in the UK.

Also during the quarter, Mr Nick Poll resigned as a director of Mirabela in order to focus on new business ventures.

### ***Financing & Cash Position***

The Company held balances of cash on hand and on deposit as at 31 March 2010 of A\$44.3 million (US\$40.7 million), plus US\$10 million held in the Santa Rita project contingency reserve account.

The A\$65 million fund raising that commenced in December 2009 was completed with private share placements to Mr Craig Burton (Chairman) (A\$0.920 million) and Lancaster Park, an entity associated with Mr Colin Steyn (Director) (A\$3.900 million) during the quarter.

In addition, US\$15.0 million was released from the US\$25 million Santa Rita project contingency reserve account to fund historical construction cost overruns.

### ***Available facilities***

As at 31 March the Company has A\$15.5 million (US\$14.2 million) available for financing of mining equipment under the US\$55 million master funding and lease agreement with Caterpillar Financial Services Corporation.

### ***Share Capital***

As at 31 March the Company's issued share capital consisted of 366,835,825 ordinary shares, and a balance of 13,626,900 unlisted options were outstanding.

During the quarter the following shares were issued:

- 5,500,000 shares pursuant to the conversion of 5,500,000 special warrants placements to Canadian investors;
- 4,467,450 shares pursuant to the share purchase plan;
- 1,700,000 shares to Lancaster Park as part of the Directors placement approved at a shareholders meeting held on 29 March 2010; and
- 400,000 shares to Craig Burton as part of the Directors placement approved at a shareholders meeting held on 29 March 2010.

The sum of 74,000 ordinary shares was also issued upon exercise of options.