MIRABELA NICKEL LTD

ABN 23 108 161 593

Condensed Consolidated Interim Financial Report

For the half-year ended 30 June 2010

Incorporating Appendix 4D

Expressed in thousands of Australian dollars (A$000) unless otherwise stated

This half-year condensed consolidated interim financial report does not include all of the information required for a full annual financial report. Accordingly, this report should be read in conjunction with the consolidated annual financial report for the period ended 31 December 2009 and any public announcements issued by Mirabela Nickel Limited during the interim reporting period in accordance with the continuous disclosure requirements of *The Corporation Act 2001*.

This half-year condensed consolidated interim financial report has been lodged with the ASX as required under listing rule 4.2A of the ASX.

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Reporting Period

The reporting period is the half year ended 30 June 2010 The previous corresponding period is 30 June 2009.

Results for announcement to the market

	% change	30-Jun-10 A$000	30-Jun-09 A$000
Revenue from ordinary activities	-	**90,153**	-
(Loss)/ Profit from ordinary activities after tax	-	**(19,277)**	10,768
(Loss)/ Profit attributable to equity holders	-	**(19,277)**	10,768

No dividend was paid or proposed during the half-year ended 30 June 2010 (half-year ended 30 June 2009: Nil).

This is the first reporting period that the Company reports its results as a production unit after the successful completion of construction and commissioning of the Santa Rita Project during the fourth quarter of 2009. As the Company was in construction during the corresponding period last year the results are not comparable.

The Company had gross profit from operations of A$0.451 million (30 June 2009: Nil) as it commenced commercial production and sales of nickel concentrate. The Company posted a net loss of $19.277 million for the six months ended 30 June 2010, primarily driven by unfavourable foreign exchange movements on foreign denominated loans, and associated interest expenditure.

Net tangible assets

	30-Jun-10 A$000	30-June-09 A$000
Net tangible assets per ordinary share	**1.59**	**1.61**

Investments in controlled entities

During the period, there were no changes in control over Group entities.

Wholly owned subsidiaries of Mirabela Nickel Limited include the following:

- Mirabela Mineração do Brasil Ltda
- Mirabela Investments Pty Ltd
- EGF Nickel Pty Ltd

Mirabela Nickel Limited owns 100% of the Santa Rita nickel sulphide project in Bahia, Brazil, which is the Group's principal revenue-generating asset.

Investments in associates and joint ventures

Mirabela Nickel Limited does not have any interests in associates or joint venture entities.

Audit review and accounting standards

The report is based on the condensed consolidated interim financial report that has been subjected to a full review by the Company's auditor. All entities incorporated into the consolidated Group's results were prepared under IFRS.

Directors' report

The Directors of the Company present their report, together with the condensed consolidated interim financial report of Mirabela Nickel Limited ('the Company'), for the half-year ended 30 June 2010.

Directors

The Directors of the Company at any time during, or since the end of, the half-year are, unless otherwise stated:

Craig Burton	Executive Chairman
Ian Purdy	Chief Executive Officer & Managing Director
Bill Clough	Non-executive Director
Joseph Hamilton	Non-executive Director
Nick Poll	Non-executive Director (Resigned on 6 April 2010)
Nicholas Sheard	Non-executive Director
Colin Steyn	Non-executive Director

Operating and financial review

Mirabela Nickel Limited is a nickel focused explorer, developer and producer, listed on the Australian and Toronto stock exchanges (ASX: MBN and TSX: MNB). Its primary asset is the 100%-owned Santa Rita nickel sulphide project in Bahia, Brazil, discovered by Mirabela in 2004 and developed in less than five years. Santa Rita is now fully commissioned and delivery of nickel concentrate has commenced. At full production capacity, expected during 2011, the mine will be capable of producing 26,000tpa of nickel in concentrate. The reserves support a mine life of at least 19 years.

OPERATING REVIEW

Ramp up of the Santa Rita operations continued during the six months ended June 30, 2010. All key production parameters continued to improve quarter on quarter, despite a slower than targeted ramp up in mining rates.

Significant progress has been made in the mining operations with improved mine operating procedures and mobile fleet maintenance performance resulting in increasing productivity. Mobile fleet availability remains a short term challenge, particularly on the shovels, as maintenance and spare part arrangements are finalised with local service providers.

The processing plant continues to perform well with improving recovery performance and production levels. Furthermore, the plant has run for extended periods of time at the nameplate capacity of 4.6Mtpa. The restricted mining fleet capacity and subsequent limited ore available for processing continued to be the limiting factor.

Since commencing operations the project's good safety performance has continued and remains ahead of the Brazilian mining average. The Lost Time Injury Frequency Rate for the first half of the year was 1.5, with one lost time injury occurring in each quarter. The implementation of safety training and safety improvement programmes is continuing.

Mining

During the six month period ended June 30, 2010 the mining operations were predominantly in the northern end of the ore body. Pre-stripping at the southern end and initial pre-stripping of the central part of the ore body has now been completed and the contractor fleet was demobilised during June. First ore production from the southern end of the ore body is expected during the third quarter, with removal of supergene ore currently being completed.

During the period a total of 1,316,000 tonnes of ore was mined at an average nickel grade of 0.56%. As planned, waste removal increased substantially in order to open up the strike length of the open pit, which will provide more mining flexibility and continue the progress towards full production levels. Encouragingly, during the period, mined ore grades in excess of 0.60% were achieved for periods of time as higher grade ore benches were uncovered and mining operating procedures improved.

Directors' report

The mining operations continue to ramp up as management improve equipment availability levels and operator productivity. During the period the productivity and quality of the drill and blast operations were increased to target levels and general mine housekeeping and procedures also improved. The truck fleet availability is on target and maintenance supplier arrangements are working well. Whilst target material movement levels were achieved at times during the period, the current restricting factor to sustainable mining production levels is shovel availability. Significant improvement is expected during the third quarter of 2010 as critical spare parts are made available by the supplier, the CAT 994 front end loader is commissioned and a hire shovel is added to the fleet.

The chloritic altered material continues to be present in the north pit ore. As evidenced by the quarter on quarter improvement in recovery, Mirabela now has an effective two pronged strategy in place to deal with this material, firstly, the use of dispersants and a secondary collector in the processing plant reagent regime and, secondly, improved blasting and stockpile control. The full benefits of the improved blasting and stockpile control will be realised once the mining operations deliver ore volumes ahead of the processing plant requirements enabling better blending. Investigations continue to determine the prevalence and depth profile of the chloritic altered material.

Processing

The processing plant continues to perform well as recovery performance and production levels continue to improve quarter on quarter. Furthermore, the plant has run for extended periods of time at the nameplate capacity of 4.6Mtpa.

During the six months ended June 30, 2010 a total of 1,618,000 tonnes of ore was milled at an average recovery of 51%, with June's recovery rate at 56% despite the blending of low grade ore into the mill feed. Plant throughput continued to improve but was restricted by the mining rate and maintenance issues with the SAG mill grates and ball mill liners.

During the period a total of 4,295 tonnes of contained nickel in concentrate, 1,485 tonnes of contained copper in concentrate, and 75 tonnes of contained cobalt in concentrate were produced. All production continued to be within contract specifications.

Sale of concentrate

During the first six months of the financial year, a total of 33,976 tonnes of concentrate comprising 4,492 tonnes of contained nickel was sold to Mirabela's domestic customer, Votorantim Metais Niquel S.A ("**Votorantim**"), pursuant to an offtake agreement wherein Votorantim agreed to purchase 50% of all production from January 1, 2010 to December 31, 2014.

During the period Mirabela was granted an environmental licence by the Municipal Council for Environmental Defence 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 to Norilsk Nickel Harjavalta Oy ("**Norilsk**") were delayed as Mirabela is working with both off-take partners to optimise nickel deliveries. It is anticipated that exports to Norilsk will commence during the second half of 2010 pursuant to an offtake agreement wherein Norilsk agreed to purchase 50% of all production from the Santa Rita Project from January 1, 2010 to December 31, 2014.

As at June 30, 2010, 266 dry metric tonnes of concentrate were available as inventory.

Outlook

Total nickel production for the first half of the year is 4,295 tonnes of nickel in concentrate. Full year production guidance is currently tracking at 10,500 tonnes nickel in concentrate.

Directors' report

Exploration
Mirabela is focused on building the foundations of a long life, sustainable nickel business. The focus during the six months ended June 30, 2010 was the continued ramp-up of the Santa Rita Project, with limited exploration spend during this period.

The Company is committed to maintaining its tenements in good standing. Once interim targets at Santa Rita have been met, the Company will implement a two-pronged exploration program:

- Evaluate full potential of underground resource at Santa Rita; and
- Implement a regional exploration program

Significant work is planned in order to fully understand the underground potential at Santa Rita. The Company plans to drill out the resource further in 2011, as it is currently open at depth, as well as infill drilling to convert Inferred resources into the Measured & Indicated categories, followed by successful completion of a Pre-Feasibility Study.

Regional exploration offers significant future upside for Mirabela, as management believes that Brazil is still largely under-explored for nickel.

Executive and Board Changes
Mirabela strengthened its executive team during the period with the appointment of Mr Luis Nepomuceno as Managing Director Brazil and Mr Bill Bent as VP Business Development.

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

FINANCIAL REVIEW

Income statement
The half-year ended 30 June 2010 represents the Company's first period of financial reporting as a producer of nickel concentrate. As a result, management believes that the financial results for the period will not be representative of the Company's financial results in future periods. As the Company's operation transitions to full production, sales and production volumes are expected to increase and unit cash costs are expected to decrease.

The Company recorded a net loss of (A$19.277 million), representing (A$0.0529) per share, for the half-year ended 30 June 2010 (30 June 2009: net profit of A$10.768 million, A$0.0538 per share). Although the Company had gross profit from operations of A$0.451 million (30 June 2009: Nil) as it commenced commercial production and sales of nickel concentrate, this loss was primarily driven by unfavourable foreign exchange movements on foreign denominated loans, and associated interest expenditure.

The unit cash cost of production for the half year was US$7.85 per pound of nickel. Whilst the unit costs have reduced from the first quarter of 2010, the unit cash cost is not reflective of the expected project cash cost as the operation is still in ramp up mode.

Unit cash costs are expected to fall during the third and fourth quarters of 2010 as operations settle and production levels increase. Mining, processing and administration unit costs will all fall with increased production levels whilst transport unit costs are expected to rise when shipping concentrate to Norilsk Nickel commences.

Balance sheet
Total assets of the Company at 30 June 2010 were A$1,126.773 million (31 December 2009: A$1,075.426 million).

Total assets increased by A$51.307 million to A$1,126.773 million from 31 December 2009 mainly as a result of the increase in trade and other receivables of A$49.296 million, increase in inventories of A$12.590 million and the net increase in the acquisition of plant and equipment of A$10.603 million. Cash balances at 30 June 2010 decreased by A$11.636 million to A$47.487 million.

Total liabilities were A$544.083 million, an increase of A$41.660 million from 31 December 2009 mainly due to the increase in trade and other payables of A$25.208 million associated with increased activity and timing of payments, and a net increase in borrowings of A$9.403 associated with negative foreign currency movements and a net increase in derivative financial instruments of $6.934 million associated with the negative mark to market value of forward commodity contracts, call options and interest rate swap.

Total equity of A$582.650 million increased by A$9.647 million from 31 December 2009 mainly due to net A$27.367 million raised through equity off-set by a decrease in accumulated losses of A$19.227 million, and a decrease in reserves of A$1.557 million.

Cash flow

As at 30 June 2010, the Company held balances of cash on hand and on deposit of A$47.487 million (US$40.017 million), including US$10 million held in the Santa Rita project contingency reserve account. Included in the cash movement from 31 December 2009 is a positive foreign currency adjustment of A$1.073 million on cash held during the period.

Cash outflows from operating activities of A$16.558 million are primarily from cash received and expenses incurred in the mining and production activities during the ordinary course of operations.

Cash spent on investing activities of A$12.426 million primarily reflects expenditure on the acquisition of property plant and equipment to support the ramp up of mining and processing operations.

The net cash inflows from financing activities of A$16.275 million comprises primarily of net proceeds from capital raisings (A$27.367 million) and lease payment on the Master Lease facility and interest payments on the Senior Loan facility (A$11.092 million).

Financial Position

For the half year ended 30 June 2010 the Company incurred a loss of A$19.277 million. The Company held cash on hand and on deposit as at 30 June 2010 of A$47.487 million (US$40.017 million), including US$10 million held in the Santa Rita Project contingency reserve account. As at 30 June 2010 the Company has a net working capital deficit of A$50.274 million, which includes A$22.731 million of net commodity derivative liabilities that will be settled by physical delivery of the underlying commodity. At 30 June 2010 the Group held net assets of A$582.650 million.

The Company has prepared a revised Life of Mine plan in accordance with the methodology contemplated in the Company's Senior Debt Facility. This plan reflects current production information and incorporates the delayed construction and operational ramp up timetable when compared to the definitive feasibility study on which the Senior Debt Facility was based. The revised plan indicates further cash outflows resulting in a requirement to raise additional funds. This, together with the delayed construction and ramp up, creates potential covenant issues under the Senior Debt Facility. The extent of these issues will depend on the amount of funds raised, actual operational performance and realised nickel prices. The Company is in full compliance with its facility covenants as at the date of this report.

The Company is working with the Senior Lenders to address these potential issues and is currently taking advice in relation to third party financing either by way of an equity raising or debt or a combination of the two for the purposes of debt servicing requirements, growth capital and general working capital. The timing, size and structure of the equity raising and/or debt financing are yet to be determined and will be affected by prevailing market conditions, however, it is currently planned to complete such financing during the third or fourth quarter of 2010.

The Directors consider the going concern basis of preparation to be appropriate based on forecast cash flows and confidence in raising additional funds. Should the Company not be successful in achieving forecast cash flows, not raise additional funds, and fail to comply with the Senior Debt Facility, it may not be able to realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in this financial report.

Directors' report

Financing

On 11 January 2010 the Company completed a private placement of 5.5 million special warrants at a price of C$2.23 (A$2.30) per special warrant primarily to Canadian investors, raising gross proceeds of C$12.265 million (A$12.650 million). On 9 February 2010 the Company issued 5,500,000 ordinary shares upon the conversion of said special warrants.

On 21 January 2010, the Company completed a share purchase plan pursuant to which shareholders resident in those jurisdictions where the Company was lawfully permitted to do so in reliance on exemptions from applicable prospectus and registration requirements, were granted the opportunity to subscribe for ordinary shares at a price of A$2.30 per share, raising gross proceeds of A$10.275 million.

In March 2010 the Company completed a private placement with (i) Mr Craig Burton (Chairman) consisting of the purchase and sale of 400,000 ordinary shares of the Company at a price of A$2.30 per share for gross proceeds to the Company of A$0.918 million; and (ii) with Lancaster Park S.A, an entity associated with Mr Colin Steyn (Director), consisting of the purchase and sale of 1.7 million ordinary shares of the Company for gross proceeds to the Company of A$3.912 million.

These placements formed part of a larger offering of 18.5 million ordinary shares, the balance of which was completed in December 2009 pursuant to a private placement of 16.4 million ordinary shares to purchasers primarily resident in Australia, and raised gross proceeds of A$37.720 million.

In addition, in the quarter ended March 31, 2010 US$15.0 million was released from the US$25 million contingency reserve account established under the senior credit agreement to fund historical construction cost overruns at the Santa Rita Project.

Share Capital

During the period the following material changes to the Company's share capital occurred:

On 21 January 2010, 4,467,450 ordinary shares were issued to investors at A$2.30 per ordinary share for gross proceeds of A$10.275 million;

On 9 February 2010, 5,500,000 special warrants of the Company at C$2.23 (Australian dollar equivalent of A$2.30 per special warrant) were converted into 5,500,000 ordinary shares for gross proceeds of A$12.650 million;

On 30 March 2010, 2,100,000 ordinary shares were issued to private investors at A$2.30 per ordinary share for gross proceeds of A$4.83 million; and

The sum of 400,900 ordinary shares was issued during the period following the exercise of employee options.

Subsequent events

As at 12 August 2010, there are no subsequent events to report after 30 June 2010.

Comparative information

Comparative information is presented for the half-year ended 30 June 2009 and as at 31 December 2009.

Lead Auditor's Independence Declaration under section 308C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 10 and forms part of the Directors' Report for the half-year ended 30 June 2010.

Rounding

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors:

Craig Burton	**Ian Purdy**
Executive Chairman	***Chief Executive Officer & Managing Director***
Perth, 12 August 2010	*Perth, 12 August 2010*

Lead auditor's independence declaration

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Mirabela Nickel Ltd

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 30 June 2010 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Graham Hogg
Partner

Perth

12 August 2010

KPMG

Independent auditor's review report to the members of Mirabela Nickel Ltd

Report on the financial report

We have reviewed the accompanying interim financial report of Mirabela Nickel Ltd, which comprises the condensed consolidated statement of financial position as at 30 June 2010, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes 1 to 21 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 30 June 2010 and its performance for the interim ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Mirabela Nickel Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Independent auditor's review report

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Mirabela Nickel Ltd is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2010 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

Graham Hogg
Partner

Perth

12 August 2010

Condensed consolidated interim statement of comprehensive income
For the half-year ended 30 June 2010

	Note	30-Jun-10 A$000	30-Jun-09 A$000
Sales revenue		106,022	-
Treatment, refining and transport charges		(15,869)	-
Net sales revenue		**90,153**	**-**
Direct costs		(68,078)	-
Royalties		(4,253)	-
Depreciation, amortisation and depletion		(17,371)	-
Cost of sales		**(89,702)**	**-**
Gross profit		**451**	**-**
Expenses			
General and administration		(4,062)	(5,178)
Net financial (expenses)/ income	*7*	(11,452)	45
Net derivative fair value movement gain/ (loss)	*8*	2,034	(14,575)
Foreign exchange (loss)/ gain		(6,042)	36,707
Other expenses		(206)	(3,486)
		(19,728)	13,513
(Loss)/ profit before income tax		(19,277)	13,513
Income tax expense		-	(2,745)
(Loss)/ profit for the period		**(19,277)**	**10,768**
OTHER COMPREHENSIVE INCOME/ (EXPENSE)			
Foreign currency translation differences		17,173	(4,259)
Net change in fair value of hedges		(16,127)	(3,766)
Other comprehensive income/ (expense) for the period		**1,046**	**(8,025)**
Total comprehensive (expense)/ income for the period		**(18,231)**	**2,743**
EARNINGS PER SHARE			
Basic (loss)/ earnings per share (cents per share)		(5.29)	5.38
Diluted (loss)/ earnings per share (cents per share)		(5.29)	5.35
Weighted basic average number of shares outstanding (000's)		364,250	200,186
Weighted diluted average number of shares outstanding (000's)		364,463	201,188

The accompanying condensed notes form part
of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of changes in equity
For the half-year ended 30 June 2010

	Attributable to equity holders of the Company					
	Issued capital A$000	Translation reserve A$000	Share based payments reserve A$000	Hedging reserve A$000	Accumulated profit/ (losses) A$000	Total equity A$000
Balance at 1 January 2010	600,500	(7,261)	14,600	(13,493)	(21,343)	573,003
TOTAL COMPREHENSIVE INCOME/ (EXPENSE) FOR THE PERIOD						
Loss for the period	-	-	-	-	(19,277)	(19,277)
Other comprehensive income/ (expense)						
Foreign currency translation differences	-	17,173	-	-	-	17,173
Net change in fair value of hedges	-	-	-	(16,127)	-	(16,127)
Total other comprehensive income/ (expense)	-	17,173	-	(16,127)	-	1,046
Total comprehensive income/ (expense) for the period	-	17,173	-	(16,127)	(19,277)	(18,231)
TRANSACTIONS WITH EQUITY HOLDERS						
Share issue net of issue costs	27,367	-	-	-	-	27,367
Share based payment transactions	-	-	511	-	-	511
Total transactions with equity holders	27,367	-	511	-	-	27,878
Balance at 30 June 2010	**627,867**	**9,912**	**15,111**	**(29,620)**	**(40,620)**	**582,650**

Balance at 1 January 2009	268,236	(4,892)	10,158	34,792	(33,321)	274,973
TOTAL COMPREHENSIVE INCOME/ (EXPENSE) FOR THE PERIOD						
Profit for the period	-	-	-	-	10,768	10,768
Other comprehensive expense						
Foreign currency translation differences	-	(4,259)	-	-	-	(4,259)
Net change in fair value of hedges	-	-	-	(3,766)	-	(3,766)
Total other comprehensive expense	-	(4,259)	-	(3,766)	-	(8,025)
Total comprehensive (expense)/ income for the period	-	(4,259)	-	(3,766)	10,768	2,743
TRANSACTIONS WITH EQUITY HOLDERS						
Share issue net of issue costs	184,071	-	-	-	-	184,071
Share based payment transactions	-	-	2,356	-	-	2,356
Total transactions with equity holders	184,071	-	2,356	-	-	186,427
Balance at 30 June 2009	**452,307**	**(9,151)**	**12,514**	**31,026**	**(22,553)**	**464,143**

The accompanying condensed notes form part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of financial position
As at 30 June 2010

	Note	30-Jun-10 A$000	31-Dec-09 A$000
ASSETS			
Cash and cash equivalents	*9*	47,487	59,123
Trade and other receivables	*10*	60,987	11,691
Inventories	*11*	12,590	-
Derivative financial instruments	*12*	7,429	7,724
Total current assets		**128,493**	**78,538**
Deferred tax asset		-	6,951
Property, plant and equipment	*13*	990,221	979,618
Exploration and evaluation assets	*14*	549	179
Derivative financial instruments	*12*	7,470	10,140
Total non-current assets		**998,240**	**996,888**
Total assets		**1,126,733**	**1,075,426**
LIABILITIES			
Trade and other payables		64,767	39,559
Provisions		1,837	980
Borrowings	*15*	67,348	44,914
Derivative financial instruments	*12*	44,815	17,865
Total current liabilities		**178,767**	**103,318**
Borrowings	*15*	300,686	313,717
Derivative liability - option	*16*	1,250	2,660
Provision for rehabilitation		21,709	21,041
Derivative financial instruments	*12*	41,671	61,687
Total non-current liabilities		**365,316**	**399,105**
Total liabilities		**544,083**	**502,423**
Net assets		**582,650**	**573,003**
EQUITY			
Contributed equity	*17*	627,867	600,500
Reserves		(4,597)	(6,154)
Accumulated losses		(40,620)	(21,343)
Total equity		**582,650**	**573,003**

The accompanying condensed notes form part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of cash flows
For the half-year ended 30 June 2010

	Note	30-Jun-10 A$000	30-Jun-09 A$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		80,282	-
Cash paid to suppliers and employees		(97,160)	(2,074)
Interest received		320	46
Net cash used in operating activities		**(16,558)**	**(2,028)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(12,056)	(260,767)
Payment for exploration and evaluation expenditure		(370)	(128)
Net cash used in investing activities		**(12,426)**	**(260,895)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issue of share capital		28,136	194,074
Share issue cost		(769)	(11,041)
Interest paid		(7,851)	(1)
Proceeds from borrowings		-	208,766
Repayment of borrowings		(3,241)	(102,477)
Net cash from financing activities		**16,275**	**289,321**
Net (decrease)/ increase in cash and cash equivalents		**(12,709)**	**26,398**
Cash and cash equivalents at the beginning of the period		**59,123**	**13,049**
Effect of exchange rate fluctuations on cash held		**1,073**	**2,647**
Cash and cash equivalents at end of the period	*9*	**47,487**	**42,094**

The accompanying condensed notes form part of these condensed consolidated interim financial statements.

Notes to condensed consolidated interim financial report
For the half-year ended 30 June 2010

1. Reporting entity

Mirabela Nickel Limited is a company domiciled in Australia. The condensed consolidated interim financial report of the Company for the half-year ended 30 June 2010 comprises the Company and its subsidiaries (together referred to as 'the Group'). The Group is primarily involved in the mining, development and exploration of mineral properties in Brazil.

The consolidated annual financial report of the Company as at and for the period ended 31 December 2009 is available upon request from the Company's registered office at Level 21, Allendale Square, 77 St Georges Terrace, Perth 6000, or at www.mirabela.com.au.

2. Basis of preparation

Statement of compliance

The condensed consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134: *Interim Financial Reporting*, IAS 34: *Interim Financial Reporting* and the *Corporations Act 2001.* The condensed consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Company as at and for the financial period ended 31 December 2009.

This condensed consolidated interim financial report was approved by the Board of Directors on 12 August 2010.

Basis of measurement

The condensed consolidated interim financial report has been prepared on the historical cost basis except for the following:

- derivative financial instruments are measured at fair value
- share based payment arrangements are measured at fair value.

The methods used to measure fair values are discussed further in the consolidated annual financial report as at and for the financial period ended 31 December 2009.

Functional and presentation currency

The condensed consolidated interim financial report is presented in Australian dollars, which is the Company's functional currency. The functional currency of the Company's foreign subsidiary is Brazilian Real. The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the condensed consolidated interim financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Financial position

For the half year ended 30 June 2010 the Company incurred a loss of A$19.277 million. The Company held cash on hand and on deposit as at 30 June 2010 of A$47.487 million (US$40.017 million), including US$10 million held in the Santa Rita Project contingency reserve account. As at 30 June 2010 the Company has a net working capital deficit of A$50.274 million, which includes A$22.731 million of net commodity derivative liabilities that will be settled by physical delivery of the underlying commodity. At 30 June 2010 the Group held net assets of A$582.650 million.

The Company has prepared a revised Life of Mine plan in accordance with the methodology contemplated in the Company's Senior Debt Facility. This plan reflects current production information and incorporates the delayed construction and operational ramp up timetable when compared to the definitive feasibility study on which the Senior Debt Facility was based. The revised plan indicates further cash outflows resulting in a requirement to raise additional funds. This, together with the delayed construction and ramp up, creates potential covenant issues under the Senior Debt Facility. The extent of these issues will depend on the amount of funds raised, actual operational performance and realised nickel prices. The Company is in full compliance with its facility covenants as at the date of this report.

The Company is working with the Senior Lenders to address these potential issues and is currently taking advice in relation to third party financing either by way of an equity raising or debt or a combination of the two for the purposes of debt servicing requirements, growth capital and general working capital. The timing, size and structure of the equity raising and/or debt financing are yet to be determined and will be affected by prevailing market conditions, however, it is currently planned to complete such financing during the third or fourth quarter of 2010.

The Directors consider the going concern basis of preparation to be appropriate based on forecast cash flows and confidence in raising additional funds. Should the Company not be successful in achieving forecast cash flows, not raise additional funds, and fail to comply with the Senior Debt Facility, it may not be able to realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in this financial report.

Financing

On 11 January 2010 the Company completed a private placement of 5.5 million special warrants at a price of C$2.23 (A$2.30) per special warrant primarily to Canadian investors, raising gross proceeds of C$12.265 million (A$12.650 million). On 9 February 2010 the Company issued 5,500,000 ordinary shares upon the conversion of said special warrants.

On 21 January 2010, the Company completed a share purchase plan pursuant to which shareholders resident in those jurisdictions where the Company was lawfully permitted to do so in reliance on exemptions from applicable prospectus and registration requirements, were granted the opportunity to subscribe for ordinary shares at a price of A$2.30 per share, raising gross proceeds of A$10.275 million.

In March 2010 the Company completed a private placement with (i) Mr Craig Burton (Chairman) consisting of the purchase and sale of 400,000 ordinary shares of the Company at a price of A$2.30 per share for gross proceeds to the Company of A$0.918 million; and (ii) with Lancaster Park S.A, an entity associated with Mr Colin Steyn (Director), consisting of the purchase and sale of 1.7 million ordinary shares of the Company for gross proceeds to the Company of A$3.912 million.

These placements formed part of a larger offering of 18.5 million ordinary shares, the balance of which was completed in December 2009 pursuant to a private placement of 16.4 million ordinary shares to purchasers primarily resident in Australia, and raised gross proceeds of A$37.720 million.

In addition, in the quarter ended March 31, 2010 US$15.0 million was released from the US$25 million contingency reserve account established under the senior credit agreement to fund historical construction cost overruns at the Santa Rita Project.

Transition from commissioning to operations

During the period to 30 June 2010 the Company achieved operating status. All mining revenues and associated costs are no longer capitalised, but treated as operational costs through profit or loss, from 1 January 2010 onwards.

3. Significant accounting policies

Except as described below, the accounting policies applied by the Company in this condensed consolidated interim financial report are consistent with those applied by the Company in its consolidated annual financial report as at and for the financial period ended 31 December 2009.

Adoption of accounting policies

Revenue

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, and sales taxes or duty.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred, which is considered to occur when the title passes to the customer. This generally occurs when product is physically transferred onto a vessel, or other delivery mechanism.

Metals in concentrate

In cases where the terms of the executed sales agreement allow for an adjustment to the sales price based on a survey of the goods by the customer (for instance an assay for mineral content), recognition of the sales revenue is based on the most recently determined estimate of product specifications.

The sales price for nickel is determined on a provisional basis at the date of sale; adjustments to the sales price subsequently occurs based on movements in quoted market prices up to the date of final pricing. The period between provisional invoicing and final pricing is typically between two to four months. Revenue on provisionally priced sales is recognised based on the estimated fair value of the total consideration receivable. The revenue adjustment mechanism embedded within provisionally priced sales arrangements has the character of a commodity derivative. Accordingly, the fair value of the final sales price adjustment is re-estimated continuously and changes in fair value are recognised as an adjustment to revenue. In all cases, fair value is estimated by reference to forward market prices.

Trade receivables

Trade receivables are initially recognised on a provisional basis at the time of sale and subsequently adjusted based on the movements in the quoted market prices and assay results up to the date of final pricing (refer Revenue note). The marking to market of trade receivables is recorded as an adjustment to the sales revenue.

Trade receivables settlement terms are as follows:

- 90% of the invoice value is settled within 15-70 days from the month of sale or date of Bill of Lading.
- 10% of the invoice value is settled within 15 days of presentation of the final invoice at the end of the quotation period (normally two to four months following the month of sale).

Collectability of trade receivables is reviewed on an ongoing basis. A provision for doubtful debts is established when there is objective evidence that the Company may not be able to collect all amounts due according to the original terms of receivables. Debts which are known to be uncollectible are written off.

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents estimated selling price in the ordinary course of business less any further costs expected to be incurred to completion and disposal. Cost is determined on a weighted average basis and includes all costs incurred in the normal course of business including direct material and direct labour costs and an allocation of production overheads, depreciation and amortisation and other costs, based on normal production capacity, incurred in bringing each product to its present location and condition.

Quantities of broken ore and concentrate stocks are assessed primarily through surveys and assays.

Inventories are categorised as follows:

- Broken ore: ore stored in an intermediate state that has not yet passed through all the stages of production;
- Concentrate: products and materials that have passed through all stages of the production process; and
- Stores, spares and consumables: materials, goods or supplies (including energy sources) to be either directly or indirectly consumed in the production process.

Mine properties

Once the technical feasibility and commercial viability of the extraction of mineral resources in a particular area of interest become demonstrable, the exploration and evaluation assets attributable to that area of interest are reclassified as mine development and disclosed as a component of property, plant and equipment. All development costs subsequently incurred within that area of interest are capitalised and carried at cost.

Amortisation of capitalised mine development costs is provided on the unit-of-production method resulting in an amortisation charge proportional to the depletion of the economically recoverable mineral resources. Costs are amortised from the commencement of commercial production.

Overburden removal costs

Overburden and other mine waste material are often removed during the initial development of a mine site in order to access the mineral deposit. The directly attributable costs, inclusive of an allocation of relevant overhead expenditure, are capitalised as development costs within property, plant and equipment. Capitalisation ceases and depreciation of those costs commences at the time that commercial levels of saleable material begins to be extracted from the mine. Depreciation is determined on a unit of production basis for each area of interest.

Deferred stripping costs

Stripping costs incurred during the production stage are deferred where this is the most appropriate basis for matching costs against the related economic benefits and the effect is material. This generally occurs where there are fluctuations in stripping costs over the life of the mine of 19 years. The life-of-mine ratio is based on the economically recoverable reserves of the mine and is a function of the pit design. Therefore any amendments to the pit design will generally result in changes to the life-of-mine ratio. Changes to the estimated life-of-mine ratio are accounted for prospectively from the date of the change.

The amount of stripping costs deferred is based on the strip ratio, which represents the ratio of the tonnage of waste mined to the quantity of ore mined. When the strip ratio is not expected to be constant, production stripping costs are accounted for as follows:

- When the current strip ratio is greater than the estimated life-of-mine ratio, a portion of the stripping costs (inclusive of an allocation of relevant overhead expenditure) is capitalised to mine properties.
- In subsequent periods, when the strip ratio is less than the estimated life-of-mine ratio, the stripping costs are charged through profit or loss as operating costs.

When the strip ratio is expected to be constant throughout the estimated life of the mine, the stripping costs are charged through profit or loss as operating costs.

As deferred stripping costs are included in mine properties, within property, plant & equipment, these will form part of the relevant cash generating units which are reviewed for impairment if events or changes of circumstances indicate that the carrying value may not be recoverable.

4. Estimates

The preparation of a financial report in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expense. Significant estimates and assumptions include those related to the life of mine assumptions, carrying value of the Santa Rita Project, valuation of financial instruments, share based compensation, determination of reserves to be used in depletion calculations, determination of useful lives of property, plant and equipment, determination of life-of-mine stripping ratio and determination as to whether certain costs are expensed or deferred.

While management believe the estimates and assumptions to be reasonable, actual future results may vary significantly. The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty are consistent with those applied to the consolidated annual financial report as at and for the financial period ended 31 December 2009.

The Company has performed an assessment of the deferred tax previously recoverable on financial instruments and has decided not to recognise any deferred tax arising.

5. Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the consolidated annual financial report as at and for the financial period ended 31 December 2009.

6. Segment reporting

The Company operates in one reportable segment, mineral exploration, development and mining, and in one primary geographical area, Brazil.

For management purposes, the Group is organised into one operating segment, which involves the exploration, development and production of nickel and copper in Brazil. All of the Group's activities are interrelated, and discrete financial information is reported to the Chief Executive Officer (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

7. Net financial (expense)/ income

	Half-year ended	
	30-Jun-10	**30-Jun-09**
	A$000	**A$000**
Interest received	320	46
Financial income	**320**	**46**
Interest expense	(11,772)	(1)
Financial expense	**(11,772)**	**(1)**
Net financial (expense)/ income	**(11,452)**	**45**

8. Net derivative fair value movement gain/ (loss)

	Half-year ended	
	30-Jun-10	**30-Jun-09**
	A$000	**A$000**
Derivative gain	1,410	-
Realised foreign exchange contract gain	1,289	-
Call option gain	4,278	9,474
Derivative gain	**6,977**	**9,474**
Derivative loss	-	(2,100)
Call option loss	-	(21,104)
Interest swap loss	(4,943)	(845)
Derivative loss	**(4,943)**	**(24,049)**
Net derivative fair value movement gain/ (loss)	**2,034**	**(14,575)**

9. Cash and cash equivalents

	30-Jun-10	**31-Dec-09**
	A$000	**A$000**
Cash at bank	42,289	59,023
Term deposits	5,198	100
	47,487	**59,123**

Cash at bank and on hand includes a balance of US$10 million held in a contingency account in accordance with the undertakings given by the Company as guarantor of the Senior Loan facility. These undertakings include a prescribed minimum account balance to be held at certain dates until the Santa Rita Project achieves completion under the facility arrangement. This account may only be drawn down with the consent of the Senior Lenders. During the June 2010 half-year US$15 million (A$16.886m) was released from the contingency account.

Notes to condensed consolidated interim financial report
For the half-year ended 30 June 2010

10. Trade and other receivables

	30-Jun-10 A$000	31-Dec-09 A$000
Trade receivables	24,041	-
Other receivables	48	10,971
Prepayments	36,898	720
	60,987	**11,691**

11. Inventories

	30-Jun-10 A$000	31-Dec-09 A$000
Broken ore	1,155	-
Concentrate	180	-
Stores, spares and consumables	11,255	-
	12,590	**-**

12. Derivative financial instruments

	30-Jun-10 A$000	31-Dec-09 A$000
CURRENT ASSET		
Foreign exchange - forward contracts[(a)]	7,417	7,724
Copper - forward contracts[(a)]	12	-
	7,429	**7,724**
NON-CURRENT ASSET		
Foreign exchange - forward contracts[(a)]	7,470	10,140
	7,470	**10,140**
CURRENT LIABILITY		
Nickel - forward contracts[(a)]	22,743	5,571
Metal call option[(b)]	19,129	10,230
Interest rate swap[(c)]	2,943	2,064
	44,815	**17,865**
NON-CURRENT LIABILITY		
Nickel - forward contracts[(a)]	19,676	21,733
Copper - forward contracts[(a)]	2,100	11,004
Metal call option[(b)]	17,091	28,584
Interest rate swap[(c)]	2,804	366
	41,671	**61,687**

(a) ***Forward contracts designated as hedges***

As at 30 June 2010, the Group had a net hedge liability position of A$29.620 million (31 December 2009: A$20.444 million negative) reflecting the positive mark-to-market value of foreign exchange forward contracts and the negative mark-to-market value of commodity (nickel and copper) contracts.

Foreign exchange forward contracts relate to the sale of US Dollars and receipt of Brazilian Real (at an average effective exchange rate of US$1=R$2.14) maturing from January 2010 to July 2013.

Metal hedges comprise of forward contracts for 19,402 tonnes of nickel at an average price of US$7.82/lb for the period July 2010 to March 2014 and 8,952 tonnes of copper at an average price of US$2.73/lb for the period April 2011 to March 2015.

(b) ***Call options***

On 20 March 2009 the Group sold nickel and copper call options for premium income of US$6.740 million. The 2,400 tonne nickel call option has a strike price of US$14,330.05/tonne (US$6.50/lb) for metal deliveries of 100 tonnes per month over the 24 month period 1 July 2010 to 29 June 2012. The 6,300 tonne copper call option has a strike price of US$3,968.32/tonne (US$1.80/lb) for metal deliveries of 300 tonnes per month over the 21 month period 1 July 2010 to 30 March 2012. The call option liability of A$36.220 million represents the fair value of the options as at 30 June 2010. The change in fair value for the period, including foreign exchange movements, is recognised as income of A$2.594 million.

(c) ***Interest rate swap***

The Company has an interest rate swap of US$100 million, to mitigate the risk of interest rate fluctuation, whereby the Company pays the fixed rate of 3.24% and receives US$ 3-month LIBOR. The facility commenced on 31 March 2010 and the facility value will decrease proportionately with planned repayments of the Senior Loan, to be completely amortised by 30 September 2015. The change in fair value for the period, including foreign exchange movements, is recognised as an expense of A$3.317 million.

13. Property, plant and equipment

30 June 2010 A$000	**Plant, equipment & mine properties[(a)]**	**Land**	**Construction & development expenditure**	**Total**
COST				
Balance at 1 January 2010	207,360	13,720	764,140	**985,220**
Additions	21,092	334	-	**21,426**
Disposals	(5)	-	-	**(5)**
Reclassification [(b)]	(19,877)	-	-	**(19,877)**
Transfers	764,140	-	(764,140)	**-**
Effect of movement in exchange rates	24,761	436	-	**25,197**
Balance at 30 June 2010	**997,471**	**14,490**	**-**	**1,011,961**
DEPRECIATION				
Balance at 1 January 2010	(5,602)	-	-	**(5,602)**
Depreciation charge for the period	(15,316)	-	-	**(15,316)**
Disposals	3	-	-	**3**
Effect of movement in exchange rates	(825)	-	-	**(825)**
Balance at 30 June 2010	**(21,740)**	**-**	**-**	**(21,740)**
Net book value at 30 June 2010	**975,731**	**14,490**	**-**	**990,221**

(a) ***Mining properties***

Mining properties includes deferred stripping costs of A$14.798 million.

(b) ***Reclassification***

This refers to Brazilian federal and state taxes on capital expenditure during the ramp-up period that the Company believes is recoverable and able to be offset against future federal and state taxes payable. The value of these recoverable taxes has been reclassified from property, plant and equipment to other receivables in the Statement of financial position, to better reflect the nature of the transaction.

14. Exploration and evaluation assets

	30-Jun-10 A$000
Balance at the beginning of the period	179
Expenditure incurred during the period	370
Balance at the end of the period	**549**

15. Borrowings

30 June 2010 A$000	Norilsk Loan (i)	Votorantim Loan (ii)	Senior Credit Facility (iii)	Caterpillar finance lease facility (iv)	Total
Nominal interest rate	LIBOR + 3.50%	CDI rate	COF + 5.25% to 5.75%	COF + LIBOR + 2.75%	
Loan term	2010 to 2012	2009 to 2013	2011 to 2015	2009 to 2014	
Carrying value	62,868	41,197	219,735	44,234	368,034
Current borrowings	23,024	15,773	18,372	10,179	67,348
Non-current borrowings	39,844	25,424	201,363	34,055	300,686
	62,868	**41,197**	**219,735**	**44,234**	**368,034**

31 December 2009 A$000	Norilsk Loan (i)	Votorantim Loan (ii)	Senior Credit Facility (iii)	Caterpillar finance lease facility (iv)	Total
Nominal interest rate	LIBOR + 3.50%	CDI rate	COF + 5.25% to 5.75%	COF + LIBOR + 2.75%	
Loan term	2010 to 2012	2009 to 2013	2011 to 2015	2009 to 2014	
Carrying Value	56,126	57,089	205,372	40,044	358,631
Current borrowings	8,458	28,547	377	7,532	44,914
Non-current borrowings	47,668	28,542	204,995	32,512	313,717
	56,126	**57,089**	**205,372**	**40,044**	**358,631**

(i) The facility is subordinated to the Senior Credit Facility with Barclays Bank plc, Credit Suisse International, West LB AG, Caterpillar Financial Services Corporation and Bayerische Hypo-und Vereinsbank AG. Interest is payable at LIBOR plus a 3.50% margin. The loan amount is repayable in monthly instalments from 30 September 2010 to 31 December 2012.

(ii) The facility is subordinated to the Senior Credit Facility. Interest is payable at the CDI rate (calculated by the Brazilian Custody and Settlement Chamber “CETIP”). The loan amount is due and payable in monthly instalments from 30 September 2009 to 30 November 2013. Principal repayments were accelerated during the period in accordance with a prepayment agreement with Votorantim, whereby the principal is automatically reduced through offset of the domestic sales tax payable by Votorantim on each monthly sale.

(iii) Interest is payable on the Senior Credit Facility on a Cost of Funds ("COF") basis (determined as the weighted average cost of funds of each lender), plus a margin of 5.75% per annum prior to the completion of the Santa Rita Project and thereafter 5.25% per annum. The loan is repayable in half-yearly instalments from 31 March 2011 to 30 September 2015. The facility was fully drawn down to US$190 million during October 2009.

(iv) The US$55 million master funding and leasing agreement is for the purpose of lease financing of up to 90% of the purchase price of Caterpillar mobile equipment. The facility was drawn down to US$40.795 million as at 30 June 2010. Lease payments under the facility are calculated on the basis of a 60 month term, and include interest determined at the date of the particular funding request as the prevailing 3 month US$ LIBOR rate plus COF plus 2.75% per annum.

16. Derivative liability - option

	30-Jun-10 A$000	31-Dec-09 A$000
Norilsk option derivative liability	1,250	2,660
	1,250	**2,660**

Under the Norilsk Loan Agreement, Norilsk has an option to convert up to US$40 million of the US$50 million loan into ordinary shares of Mirabela Nickel Limited at a price of US$8.00 per share. This option is a derivative liability of the Company. As at 30 June 2010 the fair value of the liability was A$1.250 million. The change in fair value for the period is recognised as a gain of A$1.410 million.

17. Contributed equity

Movement in share capital for the half-year ended 30 June 2010

	Ordinary shares	Number of shares	Issue price A$	Total A$
1 Jan 2010	Opening balance	354,694,375		600,500,184
21 Jan 2010	Issue of ordinary shares fully paid	4,467,450	$2.30	10,275,135
2 Feb 2010	Options converted	12,000	$0.95	11,400
9 Feb 2010	Warrants converted to ordinary shares	5,500,000	$2.30	12,650,000
16 Feb 2010	Options converted	50,000	$0.95	47,500
15 Mar 2010	Options converted	12,000	$0.95	11,400
30 Mar 2010	Issue of ordinary shares fully paid	2,100,000	$2.30	4,830,000
7 Apr 2010	Options converted	20,000	$0.95	19,000
12 Apr 2010	Options converted	18,000	$0.95	17,100
16 Apr 2010	Options converted	225,000	$0.95	213,750
30 Apr 2010	Options converted	63,900	$0.95	60,705
	Closing balance	367,162,725		628,636,174
	Less:			
	Share issue costs for share issues in this period			(769,139)
				627,867,035

Notes to condensed consolidated interim financial report
For the half-year ended 30 June 2010

Movement in share capital for the half-year ended 30 June 2009

	Ordinary shares	Number of shares	Issue price A$	Total A$
1 Jan 2009	Opening balance	129,791,100		268,236,332
8 Apr 2009	Issue of ordinary shares fully paid (Canada)	120,000,000	$1.20	144,000,000
17 Apr 2009	Issue of ordinary shares fully paid	32,445,275	$1.20	38,934,330
18 May 2009	Issue of ordinary shares fully paid	5,000,000	$2.15	10,750,000
14 May 2009	Options converted	100,000	$0.60	60,000
12 Jun 2009	Options converted	150,000	$0.60	90,000
30 Jun 2009	Options converted	400,000	$0.60	240,000
	Closing balance	287,886,375		462,310,662
	Less:			
	Share issue costs for share issues in this period			(10,003,478)
				452,307,184

Unlisted options on issue as at 30 June 2010

Exercise Price	Expiry Date	Number of Options
A$5.60	23 Feb 2011	1,800,000
A$6.20	30 Jun 2011	1,400,000
A$6.20	7 Sep 2011	300,000
A$6.20	31 Dec 2011	350,000
A$6.20	11 Sep 2012	300,000
US$8.00	31 Dec 2012	5,000,000
A$3.00	7 Jul 2013	3,750,000
A$3.00	30 Jun 2014	400,000
		13,300,000

18. Capital and other commitments

	30-Jun-10 A$000	31-Dec-09 A$000
OPERATING LEASE COMMITMENTS		
Non-cancellable operating lease rentals are payable as follows:		
Within one year	675	654
One year or later and no later than five years	3,056	2,961
Greater than five years	-	418
	3,731	**4,033**
EXPLORATION EXPENDITURE COMMITMENTS		
Commitments for rental fees under exploration licence agreements:		
Within one year	291	291
	291	**291**
CONTRACTUAL OPERATING COMMITMENTS		
Contracted but not provided for and payable:		
Within one year	43,262	74,560
One year or later and no later than five years	149	23,030
	43,411	**97,590**

19. Share based payments

The Company has incentive share option arrangements in place which entitle certain senior employees and consultants to purchase shares in the Company. During the half-year ended 30 June 2010, the Company recognised an employee share based payment expense of A$511,205 (half-year ended 30 June 2009: A$2,356,082), calculated on the basis of the expensing of the share options over the vesting period.

20. Related parties

Key management personnel receive compensation in the form of short-term employee benefits, post-employment benefits and share based payment awards. Key management personnel received total compensation of A$2,575,535 for the half-year ended 30 June 2010 (half-year ended 30 June 2009: A$2,851,023).

Transactions with key management personnel

Key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. These entities may enter into transactions with the Company or its subsidiaries. The terms and conditions of such transactions are no more favourable than those available, or which might reasonably be expected to be available, to non-director related entities dealing at arm's length with the Company.

During the half-year ended 30 June 2010, Mitchell River Group Pty Ltd invoiced the Company A$46,622 for technical services provided during the period (half-year ended 30 June 2009: A$138,781). The services were provided at normal market rates and on usual commercial terms. Mitchell River Group Pty Ltd is a related entity associated with Mr Craig Burton, an executive chairman of the Company. These arrangements are ongoing but are not subject to any contractual or other commitments.

21. Subsequent events

As at 12 August 2010, there are no subsequent events to report after 30 June 2010.

Directors' declaration

In the opinion of the directors of Mirabela Nickel Limited (the Company):

1. the financial statements and notes of the Group are in accordance with the *Corporations Act 2001*, including:

    a. giving a true and fair view of the Group's financial position as at 30 June 2010 and of its performance for the half-year ended on that date; and

    b. complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001;

2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

Craig Burton
Executive Chairman

Perth, 12 August 2010

Ian Purdy
Chief Executive Officer & Managing Director

Perth, 12 August 2010