



MIRABELA NICKEL LTD

ABN 23 108 161 593

NOTICE OF MEETING

AND

EXPLANATORY MEMORANDUM

AND

MANAGEMENT INFORMATION CIRCULAR

in respect of the

GENERAL MEETING OF SHAREHOLDERS

to be held on 19 October 2010

As at and dated 15 September 2010

IMPORTANT INFORMATION

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the general meeting (the "**Meeting**") of holders of ordinary shares (the "**Shareholders**") of Mirabela Nickel Limited ABN 23 108 161 593 (the "**Company**") will be held at Level 31 Allendale Square, 77 St Georges Terrace, Perth 6000, Western Australia on 19 October 2010 at 11.00 am (Perth time) for the purpose of transacting the following business.

1. Resolution 1 – Approval of Issue of Shares – Placement

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That for the purposes of Listing Rule 7.1 and for all other purposes, the Company approves the issue of:

(a) 51,231,966 Shares; and

(b) 6,472,500 Shares issuable on the conversion of Subscription Receipts,

with such Shares to be issued on the terms set out in the Explanatory Memorandum accompanying this Notice."

Voting Exclusion: The Company will disregard any votes cast on this resolution by any person who may participate in the issue and any of their associates. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2. Resolution 2 – Approval of Issue of Shares – Director Placement

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That for the purposes of Listing Rule 10.11 and for all other purposes, the Company approves the issue of 888,561 Shares to Mr Craig Burton, a Director, with such Shares to be issued on the terms set out in the Explanatory Memorandum accompanying this Notice."

Voting Exclusion: The Company will disregard any votes cast on this resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary shares of the Company, if the resolution is passed, and any of their associates. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

3. Resolution 3 – Approval of Issue of Shares – Lancaster Park Placement

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That for the purposes of Listing Rule 10.11 and for all other purposes, the Company approves the issue of 3,895,997 Shares to Lancaster Park SA, an entity associated with Mr Colin Steyn a Director of the Company, with such Shares to be issued on the terms set out in the Explanatory Memorandum accompanying this Notice."

Voting Exclusion: The Company will disregard any votes cast on this resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary shares of the Company, if the resolution is passed, and any of their associates. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

4. Resolution 4 –Approval of Issue of Shares – Share Purchase Plan

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That for the purposes of Listing Rule 7.1 and for all other purposes, the Company approves the issue of up to 6,835,083 Shares under the Share Purchase Plan to eligible Shareholders and with such Shares to be issued on the terms set out in the Explanatory Memorandum accompanying this Notice.”

If you are a registered Shareholder and are unable to attend the Meeting in person, please date and execute the accompanying form of proxy and return it in accordance with its instructions in accordance with the following:

1. in respect of Shareholders registered on the Company’s Australian share register, prior to 11.00 a.m. (Perth time) on 17 October 2010 by mail to Advanced Share Registry Ltd, PO Box 1156, Nedlands, Western Australia, 6909; or delivered to Advanced Share Registry Ltd, 150 Stirling Highway, Nedlands, Western Australia or by facsimile to Advanced Share Registry Ltd at +61 8 9389 7871.
2. in respect of Shareholders registered on the Company’s Canadian register, not later than 48 hours prior to the Meeting by mail to Equity Transfer & Trust Company, attention Proxy Department, at 200 University Avenue, Suite 400, Toronto, Ontario, M5H 4H1 or by facsimile at +1 416 595-9593.

If you are a beneficial Shareholder and receive these materials through your broker or through another intermediary, please complete and return the form of proxy in accordance with the instructions provided to you, by your broker, or by another intermediary.

The Directors have fixed 15 September 2010, as the record date for Shareholders that are entitled to receive notice of the Meeting and 5.00 pm (Perth time) 17 October 2010, as the record date for Shareholders entitled to vote at the Meeting.

By Order of the Board of Directors

Mr Chris Els
Company Secretary

Dated: 15 September 2010

EXPLANATORY MEMORANDUM AND MANAGEMENT INFORMATION CIRCULAR

This Explanatory Memorandum and Management Information Circular is being furnished to Shareholders in connection with the solicitation of proxies by the management of Mirabela Nickel Limited (the “**Company**”) for use at the general meeting of the holders of ordinary shares (the “**Shares**”) of the Company (the “**Shareholders**”) to be held on 19 October 2010 at 11.00 a.m. (Perth time) (the “**Meeting**”), and any adjournment thereof, at the place and for the purposes set forth in the accompanying Notice of Meeting (the “**Notice**”).

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the matters set forth in the Notice attached hereto for approval at the Meeting. The Directors recommend that Shareholders read this Explanatory Memorandum in full before making any decision regarding the matters set forth in the Notice.

Background

Equity Capital Raising

On 9 September 2010 the Company announced that it had successfully launched an institutional private placement to raise US\$165 million (“**Global Offer**”).

The Global Offer consists of:

- (a) a placement to sophisticated and institutional investors primarily in Australia (the “**ASX Placement**”) of (i) 48,896,905 Shares (representing ordinary shares available to the Company under the 15% limit imposed by the Listing Rules without the need for Shareholder approval) (the “**ASX Unconditional Shares**”); and (ii) 51,231,966 Shares the issue of which are subject to Shareholder approval (the “**ASX Conditional Shares**”); and
- (b) a private placement to ‘accredited investors’ primarily in Canada, (the “**TSX Placement**”) of (i) 6,177,500 Shares (representing the balance of ordinary shares available to the Company under the 15% limit imposed by the Listing Rules without the need for Shareholder approval) (the “**TSX Unconditional Shares**”); and (ii) 6,472,500 subscription receipts, each of which will be automatically converted into one fully paid ordinary share of the Company (each, a “**Subscription Receipt Share**”), without the payment of additional consideration, upon the satisfaction of certain conditions, including Shareholder approval (the “**Subscription Receipts**”).

Each of the ASX Unconditional Shares and the ASX Conditional Shares will be issued at a price of A\$1.60 and the TSX Unconditional Shares and the Subscription Receipts will be issued at a price of C\$1.52 (being the Canadian dollar equivalent on September 7, 2010 of A\$1.60) (in either case, the “**Offer Price**”).

The issue of the ASX Conditional Shares and the Subscription Receipt Shares are subject to Shareholder approval of Resolution 1. If Shareholders approve Resolution 1, then the total number of Shares the Company will issue pursuant to the Global Offer is 112,778,871 Shares.

Securities purchased under the Global Offer by investors resident in or otherwise subject to the laws of Canada, will be subject to a four month hold period (commencing from the date of settlement of those securities), during which they will not be able to sell or transfer those securities allocated to them except pursuant to an exemption from the prospectus and registration requirements of Canadian securities laws or pursuant to a prospectus. In the event the Subscription Receipts are converted into Shares prior to the expiry of such hold period, the underlying Subscription Receipt Shares will be subject to the balance of that hold period.

In addition, the Company announced that it intends, subject to Shareholder approval under ASX Listing Rule 10.11, to complete:

- (a) a placement of 888,561 Shares to Mr Craig Burton, a Director, to raise a total of US\$1,300,000 (See Resolution 2); and
- (b) a placement of 3,895,997 Shares to Lancaster Park SA, an entity associated with Mr Colin Steyn a director of the Company, to raise a total of US\$5,700,000, (See Resolution 3).

Mr Craig Burton and Lancaster Park SA will not be participating in the Global Offer and consequently are eligible to vote on the approval of Resolution 1. These shareholders (who together hold approximately 8.3% of shares on issue prior to the Global Offer) have stated their intention to vote in favour of Resolution 1.

The Company further announced that it intends to raise up to a maximum of US\$10 million via a share purchase plan (**Share Purchase Plan**) to eligible Australian and New Zealand retail Shareholders. The issue price of the Shares under the Share Purchase Plan is A\$1.60, being the same price as the Offer Price. Under the Share Purchase Plan each eligible Shareholder will be entitled to subscribe up to a maximum of A\$4,995 (See Resolution 4). If there is a shortfall the Directors shall have the discretion to issue shortfall Shares to investors who are not related parties.

A maximum number of 124,398,512 Shares are issuable under the ASX Placement, the TSX Placement, the Director Placement, the Lancaster Placement (each as defined below) and the Share Purchase Plan, representing approximately 33.9% of the current issued and outstanding ordinary shares of the Company. As the transactions, in aggregate, will result in the issuance of securities in excess of 25% of the currently issued and outstanding shares of the Company, shareholder approval in respect of the transactions is required in accordance with TSX policies.

None of the ASX Placement, the TSX Placement, the Director Placement, the Lancaster Placement or the Share Purchase Plan is expected to materially affect control of the Company, individually or in the aggregate.

Subject to the Company raising a minimum of US\$100 million and the Company applying US\$38.1 million of the raising to pre-pay the Senior Loan and increasing the Contingency Support Account under the Senior Loan to US\$25 million, the Lenders have agreed to waive testing of certain covenants until the end of 2011 and amend certain terms of the Senior Loan Agreement. These concessions will allow the Company's management team to focus on the ramp-up of the Santa Rita Project and expansion of the plant capacity to above 7Mtpa. Following the pre-payment of the US\$38.1m of senior debt, the Company will not have any senior loan principal repayments due until March 2012. Further details on the Senior Loan and the proceeds of the Global Offer are detailed below.

Senior Loan – Waiver and Amendment

In April 2009, the Company entered into a credit agreement (as amended, the "**Senior Loan Agreement**") with Barclays Bank plc, Credit Suisse International, WestLB AG, Caterpillar Financial Services Corporation and Bayerische Hypo-und Vereinsbank AG (collectively, the "**Lenders**") in connection with a US\$190 million senior loan facility for the principal purpose of funding completion of the construction and commissioning of the Santa Rita Project (the "**Senior Loan**").

Pursuant to a waiver and amendment letter dated 7 September, 2010 (the "**Waiver and Amendment Letter**") the Lenders agreed to restructure its Senior Loan as follows:

- (a) waive testing of certain covenants in the Senior Loan until the end of 2011;
- (b) waive approval of the 2011 financial model and mine plan (which was due for approval on 31 December 2010); and
- (c) extend the project completion date to 31 March 2012.

The Waiver and Amendment Letter will only become effective if the Company:

- (a) completes an equity raising to raise a gross amount of at least US\$100 million;
- (b) applies US\$38.1 million as a pre-payment of installments under the Senior Loan Agreement due in March 31, 2011 and September 31, 2011;
- (c) increases the amount in the Contingent Support Account to US\$25 million (currently approximately US\$10 million); and
- (d) applies the balance of the US\$100 million (after deducting the sum of the amounts described in paragraph (b) and (c) above) into a secured account, of which the funds can be used to complete the Santa Rita Project.

Use of Proceeds

The Company intends on using the net proceeds of the Global Offer, the placement to Mr Craig Burton and Lancaster Park SA and the Share Purchase Plan in the following manner:

- (a) US\$38.1million, for the pre-payment of principal amounts due in March 2011 and September 2011;
- (b) US\$15.0 million, for deposit to the Contingent Support Account;
- (c) US\$40.0 million, to finance the plant expansion to above 7Mtpa throughput; and
- (d) the balance for general working capital and to provide flexibility to pursue future growth opportunities.

All proceeds from the Global Offer, the placement to Mr Craig Burton and Lancaster Park SA and the Share Purchase Plan, which exceeds US\$100 million, shall be held directly by the Company.

Consequences if approval of the Conditional Shares in Resolution 1 is not approved

If the Shareholders do not approve Resolution 1 then the Company will not raise the requisite US\$100 million and the Waiver and Amendment Letter will not become effective.

If the Waiver and Amendment Letter does not become effective then the Company will use the proceeds from the issue of the ASX Unconditional Shares and the TSX Unconditional Shares (being an approximate amount of US\$80 million) to fund the normal operating activities of the Company while the Company searches for alternative sources of financing.

The success of any such alternative financing will be dependent on a number of factors including the prevailing market conditions at that time and the ability of a company with significant amounts of existing indebtedness to attract significant amounts of debt and/or equity. There is no assurance that such alternative financing will be obtained or on terms satisfactory to the Company.

If the Waiver and Amendment Letter does not become effective because the Company has not raised the requisite \$100 million (by way of Global Offer or alternative finance), then the Company will be required to obtain the approval of the Lenders of the 2011 financial model and mine plan by 31 December 2010 in accordance with the Senior Loan Agreement. There is a risk that the Company will not obtain such approval by the Senior Lenders or secure a waiver of the requirement to obtain such approval by 31 December 2010. The effect of not obtaining such approval under the Senior Loan Agreement will constitute an event of default, entitling the Lenders to accelerate the payment of amounts due thereunder and enforce its security. The Senior Loan is secured by the assets comprising the Santa Rita Project. An obligation to repay the amount owing under the Senior Loan before its stated maturity could have an adverse effect on the Company and its financial position.

Resolution 1 – Approval of Issue of Shares – Placement

Background

Pursuant to this Resolution 1, the Company seeks approval of the issuance of:

- (a) 51,231,966 Shares; and
- (b) 6,472,500 Shares issuable on the conversion of Subscription Receipts.

The Subscription Receipts will be issued on or about 17 September 2010 upon closing of the TSX Placement and payment of the Offer Price. The proceeds attributable to the issue and sale of the Subscription Receipts will be placed in escrow pending satisfaction of certain release conditions, which include Shareholder approval of this Resolution 1.

Resolution 1 is not conditional on the Shareholders passing any of Resolutions 2, 3 or 4.

The Resolution

Pursuant to Listing Rule 7.1, Resolution 1 seeks shareholder approval for the allotment and issue of up to 57,704,466 Shares under the Global Offer.

Listing Rule 7.1 provides that a company must not, subject to certain exceptions, issue during any 12 month period any equity securities if the number of those securities exceeds 15% of the total number of ordinary securities on issue at the commencement of that 12 month period. One such exception is an issue of securities which has been approved by shareholders at a general meeting.

Shareholder approval is being sought pursuant to Listing Rule 7.1.

The effect of Resolution 1 is to allow the Company to issue up to 57,704,466 Shares during the period of three months from the date of the Meeting (or such longer period as is permitted by the ASX), without using the Company's 15% placement capacity available under Listing Rule 7.1.

The following information is provided to Shareholders pursuant to and in accordance with Listing Rule 7.3.

- (a) The maximum number of Shares proposed to be issued including Shares issuable upon conversion of the Subscription Receipts is 57,704,466.
- (b) The Company will issue:
 - (i) 51,231,966 Shares at an issue price of A\$1.60; and
 - (ii) 6,472,500 Shares upon the conversion of the Subscription Receipts for no additional consideration (the Subscription Receipts were issued pursuant to the Global Offer at an issue price of C\$1.52).
- (c) The proposed allottees are sophisticated and institutional investors and will not be related parties of the Company.
- (d) The Shares issued will be fully paid ordinary shares which rank pari passu with existing Shares.
- (e) The Shares will be issued on one date no later than three months after the date of the Meeting (or such later date to the extent permitted by an ASX waiver under the Listing Rules).
- (f) It is intended that the net proceeds of the Global Offer will be utilised for the purpose of servicing the Company's debt requirements, growth capital and for general working capital.
- (g) A voting exclusion statement is included in the Notice.

Resolution 2 - Approval of Issue of Shares – Director Placement

Background

The Company proposes to issue 888,561 Shares to Mr Craig Burton, a Director ("**Director Placement**"). The total funds to be raised from the Director Placement will be US\$1,300,000.

Mr Craig Burton has entered into a subscription agreement with the Company. The subscription agreement provides that completion of the Director Placement is conditional on all of the ASX Unconditional Shares and TSX Unconditional Shares being issued as part of the Global Offer and Shareholder approval of the Director Placement of this Resolution 2. The Shares under the Director Placement will be issued at A\$1.60, being the same as the Offer Price under the Global Offer. The subscription agreement includes a 3% subscription fee to be paid to Mr Burton or his nominee (resulting in an effective subscription price of approximately A\$1.55), subject to approval by the independent Directors.

The Company has not provided and will not provide any financial assistance in respect of the Director Placement.

As at the date of this Notice, Mr Burton holds 4,400,000 Shares (approximately 1.20% of the issued capital of the Company). After giving effect to the Global Offer, the Director Placement, the Lancaster Placement and the Share Purchase Plan, Mr Burton will hold 5,288,561 Shares (approximately 1.08% of the issued capital of the Company after giving effect to those share issuances).

Resolution 2 is not conditional on the Shareholders passing any of Resolutions 1, 3 or 4.

Resolution 2

Resolution 2 seeks Shareholder approval for the issue of up to 888,651 of Shares to Mr Burton pursuant to Listing Rule 10.11.

Listing Rule 10.11 requires shareholders' approval by ordinary resolution to any issue by a listed company of securities to a related party. Accordingly, Listing Rule 10.11 requires shareholders to approve the issue of Shares to the Mr Burton.

For the purposes of Listing Rule 10.13, the following information is provided to Shareholders:

- (a) The Shares will be issued to Mr Craig Burton, a Director.
- (b) The maximum number of Shares to be issued is 888,561.
- (c) The Shares will be issued on a date which will be no later than 1 month after the date of this Meeting.
- (d) The Shares will be issued at A\$1.60, being the same price as the Shares issued under the Global Offer.
- (e) The Shares issued will be fully paid ordinary shares which rank pari passu with existing Shares.
- (f) A voting exclusion statement is included in the Notice.
- (g) It is intended that the net proceeds of the Director Placement will be utilised for the purpose of servicing the Company's debt requirements, growth capital and for general working capital.

If approval is given for the issue of the Shares under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

Resolution 3 - Approval of Issue of Shares – Lancaster Park Placement

Background

The Company proposes to issue 3,895,997 Shares to Lancaster Park SA, an entity associated with Mr Colin Steyn, a Director ("**Lancaster Park Placement**"). The total funds to be raised as part of the Lancaster Park Placement will be US\$5,700,000.

The Shares of the Lancaster Park Placement will be issued at A\$1.60, being the same Offer Price as the Global Offer.

Lancaster Park SA has entered into a subscription agreement with the Company. The subscription agreement provides that completion of the Director Placement is conditional on all of the ASX Unconditional Shares and TSX Unconditional Shares being issued as part of the Global Offer and Shareholder approval of the Lancaster Park Placement of this Resolution 3. The Shares under the Director Placement will be issued at A\$1.60, being the same as the Offer Price under the Global Offer. The subscription agreement includes a 3% subscription fee to be paid to Lancaster Park SA or its nominee (resulting in an effective subscription price of approximately A\$1.55), subject to approval by the independent Directors.

The Company has not provided and will not provide any financial assistance in respect of the Lancaster Park Placement.

As at the date of this Notice, Lancaster Park SA holds 26,200,000 Shares (approximately 7.14% of the issued capital of the Company). After giving effect to the Global Offer, the Director Placement, the Lancaster Placement and the Share Purchase Plan, Lancaster Park S.A. will hold 30,095,997 Shares (approximately 6.12% of the issued capital of the Company after giving effect to those share issuances). Resolution 3 is not conditional on the Shareholders passing any of Resolutions 1, 2 or 4.

Resolution 3

Resolution 3 seeks Shareholder approval for the issue of up to 3,895,997 of Shares to Lancaster Park SA pursuant to Listing Rule 10.11.

Listing Rule 10.11 requires shareholders' approval by ordinary resolution to any issue by a listed company of securities to a related party. Accordingly, Listing Rule 10.11 requires shareholders to approve the issue of Shares to Lancaster Park SA.

For the purposes of Listing Rule 10.13, the following information is provided to Shareholders:

- (a) The Shares will be issued to Lancaster Park SA, an entity associated with Mr Colin Steyn, a Director.
- (b) The maximum number of Shares to be issued is 3,895,997.
- (c) The Shares will be issued on a date which will be no later than 1 month after the date of this Meeting.
- (d) Lancaster Park SA is an entity associated with Mr Colin Steyn, a Director of the Company.
- (e) The Shares will be issued at A\$1.60, being the same price as the Shares issued under the Global Offer.
- (f) The Shares issued will be fully paid ordinary shares which rank pari passu with existing Shares.
- (g) A voting exclusion statement is included in the Notice.
- (h) It is intended that the net proceeds of the Lancaster Park Placement will be utilised for the purpose of servicing the Company's debt requirements, growth capital and for general working capital.

If approval is given for the issue of the Shares under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

Resolution 4 – Approval of Issue of Shares – Share Purchase Plan

Background

The Company is seeking Shareholder approval under Resolution 4 to offer eligible Shareholders in Australia and New Zealand the opportunity to subscribe for up to A\$4,995 worth of Shares at an issue price of A\$1.60 (being the same issue price as the Offer Price) pursuant to the Share Purchase Plan. Pursuant to the Share Purchase Plan each eligible Shareholder holding Shares on 7 September 2010 (**SPP Record Date**) will receive a letter and application form from the Company setting out the full terms of the Share Purchase Plan. The maximum number of Shares to be issued under the Share Purchase Plan is 6,835,083. The maximum funds raised as part of the Share Purchase Plan will be approximately US\$10 million.

The purpose of the Share Purchase Plan is to offer eligible Shareholders the opportunity to each subscribe for up to 3,121 Shares at an issue price of A\$1.60 per Share, free of brokerage and commission.

If there is a shortfall and eligible Shareholders do not subscribe for the maximum 6,835,083 Shares, then the Directors shall have the discretion to issue any such shortfall Shares to investors who are not related parties (provided the maximum number of Shares issued under the Share Purchase Plan does not exceed 6,835,083).

The maximum amount a Shareholder can subscribe is A\$4,995. The Share Purchase Plan has been structured to comply with the conditions set out in ASIC Class Order 09/425 enabling the Company to issue the shares without a prospectus. The Company conducted a share purchase plan in January 2010 which allowed shareholders to subscribe up to a maximum of A\$10,005 worth of ordinary shares. A total of 4,467,450 ordinary shares were issued pursuant to the January share purchase plan which raised A\$10,275,135.

The combined total amount a Shareholder could subscribe under the two share purchase plans is A\$15,000, which complies with the maximum threshold prescribed under ASIC Class Order 09/425.

ASX Listing Rule 7.2 Exception 15 provides that a Company can issue shares pursuant to a share purchase plan in accordance with ASIC Class Order 09/425 provided:

- the number of securities to be issued is not greater than 30% of the number of fully paid ordinary securities already on issue; and
- the issue price must be at least 80% of the average market price for the securities in the same class, calculated over the immediately preceding five days on which trades occurred in that class of security.

The Share Purchase Plan complies with these requirements, however, ASX Listing Rule 7.2 Exception 15 provides that the exception is only available once in any 12 month period. Because the Company undertook a share purchase plan in January 2010 it does not fall within this exception. As a result, the Company is seeking Shareholder approval under Listing Rule 7.1 to permit the Company to issue Shares under the Share Purchase Plan.

ASX has granted the Company a waiver from ASX Listing Rule 7.3.8 to permit the Company to issue up to A\$4,995 worth of Shares to each eligible shareholder, excluding related parties of the Company, under the Share Purchase Plan without the requirement for a voting exclusion statement.

Resolution 4 is not conditional on the Shareholders passing any of Resolutions 1, 2 or 3.

The Resolution

Pursuant to Listing Rule 7.1, Resolution 4 seeks shareholder approval for the allotment and issue of up to 6,835,083 Shares under the Share Purchase Plan.

Listing Rule 7.1 provides that a company must not, subject to certain exceptions, issue during any 12 month period any equity securities if the number of those securities exceeds 15% of the total number of ordinary securities on issue at the commencement of that 12 month period. One such exception is an issue of securities which has been approved by shareholders at a general meeting.

Shareholder approval is being sought pursuant to Listing Rule 7.1.

The effect of Resolution 4 is to allow the Company to issue up to 6,835,083 Shares during the period of three months from the date of the Meeting (or such longer period as is permitted by the ASX), without using the Company's 15% placement capacity available under Listing Rule 7.1.

The following information is provided to Shareholders pursuant to and in accordance with Listing Rule 7.3.

- (a) The maximum number of Shares proposed to be issued is 6,835,083.
- (b) The Shares will be issued at A\$1.60, being the same price as the Shares issued under the Global Offer.
- (c) The Shares will be issued to each eligible Shareholder holding Shares on the record date of the Share Purchase Plan who subscribes for Shares in accordance with the terms of the Share Purchase Plan. The Directors shall have the discretion to issue any shortfall Shares to investors who are not related parties.
- (d) The Shares issued will be fully paid ordinary shares which rank pari passu with existing Shares.
- (e) The Shares will be issued on one date no later than three months after the date of the Meeting (or such later date to the extent permitted by an ASX waiver under the Listing Rules).
- (f) It is intended that the net proceeds of the Share Purchase Plan will be utilised for the purpose of servicing the Company's debt requirements, growth capital and for general working capital.
- (g) ASX has granted a waiver to the extent necessary to allow the Company to issue this Notice without a voting exclusion statement in relation to this Resolution.

Other Business

Management is not aware of any other business to come before the Meeting other than as set forth in the accompanying Notice. If any other business properly comes before the Meeting, it is the intention of the persons named in the form of proxy to vote the Shares represented thereby in accordance with their best judgment on such matter.

MANAGEMENT INFORMATION CIRCULAR

The Company is a “reporting issuer” in Canada. Accordingly, pursuant to the requirements of National Instrument 51-102 - *Continuous Disclosure Obligations* (“NI 51-102”) of the Canadian Securities Administrators, the following disclosure is required to be included with this Explanatory Memorandum.

Purpose of Solicitation

This Information Circular is furnished in connection with the solicitation of proxies by the management of the Company for use at the Meeting of the Company. The Meeting will be held at Level 31 Allendale Square, 77 St Georges Terrace, Perth 6000, Western Australia, on 19 October 2010 at 11.00 a.m. (Perth time), for the purposes set forth in the Notice accompanying this Explanatory Statement and Management Information Circular.

Solicitation of proxies will be primarily by mail but may also be by telephone, facsimile or in person by directors, officers and employees of the Company who will not be additionally compensated therefor. Brokers, nominees or other persons holding Shares in their names for others shall be reimbursed for their reasonable charges and expenses in forwarding proxies and proxy material to the beneficial owners of such Shares. The costs of soliciting proxies will be borne by the Company.

Appointment of Proxies by Registered Shareholders

Enclosed herewith is a form of proxy for use at the Meeting. **A Shareholder has the right to appoint up to two persons (who need not be Shareholders) to attend and act for the Shareholder and on the Shareholder’s behalf at the Meeting other than the person designated in the form of proxy and may exercise such right by inserting the full name of the desired person(s) in the blank space provide in the form of proxy.**

The proxy to be acted upon must be delivered: (a) in respect of Shareholders registered on the Company’s Australian share register, prior to 11.00 a.m. (Perth time) on 17 October 2010 by mail to Advanced Share Registry Ltd, PO Box 1156, Nedlands, Western Australia, 6909; or delivered to Advanced Share Registry Ltd, 150 Stirling Highway, Nedlands, Western Australia or by facsimile to Advanced Share Registry Ltd at +61 8 9389 781, (b) for Shareholders registered on the Company’s Canadian share register, not later than 48 hours prior to the Meeting by mail to Equity Transfer & Trust Company, attention Proxy Department, at 200 University Avenue, Suite 400, Toronto, Ontario, M5H 4H1 or by facsimile at +1 416 595-9593.

Revocation of Proxies

A Shareholder executing and delivering a proxy has the power to revoke it in accordance with the provisions of the Corporations Act, which provides that every proxy may be revoked by an instrument in writing executed by the Shareholder or by his or her attorney authorised in writing and delivered either to the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof at which the proxy is to be used, or to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, or in any other manner permitted by law.

Voting of Proxies

The form of proxy accompanying this Explanatory Memorandum and Management Information Circular confers discretionary authority upon the proxy with respect to any amendments to the matters identified in the Notice of Meeting and any other matters that may properly come before the Meeting. At the time of printing this Management Information Circular, management knows of no such amendment, variation or other matter.

Advice for Beneficial Holders

Shares may not be registered in the Shareholder's name but in the name of an intermediary (which is usually a bank, trust company, securities dealer or broker, or a clearing agency in which an intermediary participates). **A non-registered Shareholder cannot be recognized at the Meeting for the purpose of voting his Shares unless such holder is appointed by the applicable intermediary as a proxyholder.**

The Company has distributed copies of the Meeting materials to intermediaries for distribution to non-registered Shareholders. Intermediaries are required to deliver these materials to all non-registered Shareholders of the Company who have not waived their rights to receive these materials, and to seek instructions as to how to vote the shares. Often, intermediaries will use a service company (such as Broadridge Financial Solutions Inc.) to forward these meeting materials to non-registered Shareholders.

Non-registered Shareholders who received meeting materials will be given a voting instruction form (a "VIF") which must be completed and signed by the non-registered Shareholder in accordance with the instructions noted on it. In this case, the mechanisms described above for registered Shareholders cannot be used and the instructions on the VIF **must** be followed (which in some cases may allow completion of the VIF by telephone or the Internet). The VIF is provided instead of a proxy. By returning the VIF in accordance with its instructions, a non-registered shareholder is able to instruct the registered Shareholder how to vote on behalf of the non-registered shareholder.

The purpose of these procedures is to allow non-registered Shareholders to direct the voting of the shares that they own but that are not registered in their name. Should a non-registered Shareholder wish to attend and vote at the Meeting in person (or have another person attend and vote on his behalf), the non-registered Shareholder should carefully follow the instructions provided on the VIF.

Proxies returned by intermediaries as "non-votes" because the intermediary has not received instructions from the non-registered Shareholder with respect to the voting of certain shares or, under applicable stock exchange or other rules, the intermediary does not have the discretion to vote those Shares on one or more of the matters that come before the Meeting, will be treated as not entitled to vote on any such matter and will not be counted as having those Shares voted in respect of any such matter. Shares represented by such broker "non-votes" will, however, be counted in determining whether there is a quorum.

Voting Shares and Record Date

The authorized capital of the Company consists of an unlimited number of Shares of which as of 15 September 2010 a total of 367,162,725 Shares were issued and outstanding as fully paid. The Shares are the only shares of the Company entitled to be voted at the Meeting and subject to certain exclusions of votes described above, each Share is entitled to one vote at the Meeting.

The directors of the Company have set 15 September 2010 as the record date for determining the Shareholders of the Company entitled to receive the Notice of Meeting and 5.00 p.m. (Perth time) on 17 October 2010 as the record date for determining the Shareholders of the Company entitled to vote at the Meeting.

A simple majority of votes cast are required to approve all matters to be submitted to a vote of Shareholders at the Meeting.

Principal Holders of Shares

To the knowledge of the directors and executive officers of the Company, no person or company beneficially owns, or exercises control or direction, directly or indirectly, over Shares carrying 10% or more of the voting rights attached to all of the issued and outstanding Shares.

Securities Authorized for Issuance under Equity Compensation Plans

The following table sets out information in respect of the equity compensation plans under which equity securities of the Company are authorised for issuance, as at 31 December 2009.

	<u>Number of securities to be issued upon exercise of outstanding options, warrants and rights</u>	<u>Weighted-average exercise price of outstanding options, warrants and rights</u>	<u>Number of securities remaining available for future issuance under equity compensation plans</u>
Equity compensation plans approved by securityholders	4,950,900	AA\$5.30	NIL
Equity compensation plans not approved by securityholders	NIL	NIL	NIL
Total	4,950,900	AA\$5.30	NIL

Interest of Certain Persons or Companies in Material Transactions

No informed person, nor any associate or affiliate of any informed person, has a material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction that has materially affected or would materially affect the Company or any of subsidiaries.

Interest of Certain Persons or Companies in Matters to be Acted Upon

Other than the interests of Mr Steyn and Mr Burton, no person who has been a director or executive officer of the Company at any time since the beginning of the Company's last financial year, nor any associate or affiliate of the foregoing persons, has a material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in the matters to be acted upon at the Meeting.

Auditors

The auditor of the Company is KPMG. KPMG was first appointed as auditor of the Company on 23 February 2005.

Additional Information

Additional information relating to the Company is available on SEDAR at sedar.com. Financial information is provided in the Company's comparative financial statements and MD&A for its most recently completed financial year. The Company will provide to any person, upon request to the Company Secretary, a copy of the Company's 2009 Annual Report which includes the financial statements of the Company for the most recently completed financial year and the audit opinion issued thereon and/or one copy of the Company's MD&A in respect of such financial year.

Also for information regarding the Company's audit committee as prescribed by National Instrument 52-110 – Audit Committees please see the section so entitled in the Company's annual information form dated March 31, 2010.

Copies of the above document will be provided free of charge to Shareholders. The Company may require the payment of a reasonable charge by any person or company who is not a Shareholder of the Company, and who requests a copy of such document. Additional information relating to the Company can be found at asx.com.au or at sedar.com.

Shareholders can contact Chris Els, Company Secretary, at +61 (08) 9324 1177 if they have any queries in respect of the matters set out in these documents.

APPROVAL OF THIS EXPLANATORY MEMORANDUM AND MANAGEMENT INFORMATION CIRCULAR

The contents and the sending of this Explanatory Memorandum and Management Information Circular have been approved by the Directors of the Company.

By order of the Board of Directors

Mr Chris Els
Company Secretary

Dated: 15 September 2010

GLOSSARY

In this Explanatory Memorandum and Notice of Meeting:

"**ASIC**" means the Australian Securities and Investments Commission;

"**ASX**" means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited;

"**Board**" means the board of Directors;

"**Company**" means Mirabela Nickel Ltd ABN 23 108 161 593;

"**Corporations Act**" means the Corporations Act 2001 (Cth) as amended from time to time;

"**Directors**" mean directors of the Company;

"**Explanatory Memorandum**" means this explanatory memorandum attached to the Notice, which provides information to shareholders about the Resolutions contained in the Notice and includes the Management Information Circular;

"**Listing Rules**" means the Listing Rules of ASX;

"**Management Information Circular**" means the management information circular included in the Explanatory Memorandum;

"**Meeting**" means the meeting of Shareholders the subject of the Notice;

"**Mtpa**" means million tonnes per annum.

"**Notice**" means the notice of meeting which accompanies this Explanatory Memorandum;

"**Resolution**" means a resolution contained in the Notice;

"**Share**" means a fully paid ordinary share issued in the capital of the Company;

"**Shareholder**" means a holder of Shares;

"**Subscription Receipt**" means a subscription receipt issued by the Company;

"**TSX**" means the Toronto Stock Exchange; and

"**TSX Company Manual**" means the Toronto Stock Exchange Company Manual, as the same be amended from time to time.



MIRABELA NICKEL LTD

ABN 23 108 161 593

FORM OF PROXY

This proxy is solicited on behalf of the management of Mirabela Nickel Limited ABN 23 108 161 593 (the "Company") for use at the meeting of the shareholders of the Company to be held at Level 31 Allendale Square, Perth, 77 St Georges Terrace, Perth WA 6000 on 19 October 2010 at 11.00 a.m. (Perth time) or any adjournment thereof (the "Meeting").

I/We

The Chairman of the Meeting (mark with an "X") OR First Proxy

AND Second Proxy

being a shareholder of the Company and entitled to attend, act and vote at the Meeting hereby appoints:

If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate you are appointing as your first proxy.

If you are not appointing the Chairman of the Meeting as your proxy and you are appointing two proxies, please write here the full name or body corporate you are appointing as your second proxy.

Or failing the individual(s) or body corporate(s) named, or if no individual(s) or body corporate(s) is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions at the Meeting and at any adjournment of that meeting.

If you leave the section above blank, the Chairman of the Meeting will be your proxy.

If you have not appointed the Chairman of the Meeting as your proxy and you are appointing a second proxy please complete the following: Proxy 1 is appointed to represent _____% of my voting right and Proxy 2 is appointed to represent _____% of my total votes. My total voting right is _____ shares.

Note: If the appointment does not specify the proportion or number of votes that the proxy may exercise, each proxy may exercise half the votes.

With respect to any amendment or variations to the matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting, I/we confer discretionary authority on the person voting on behalf of me/us to vote as that person sees fit.

If you wish to indicate how your proxy is to vote, please tick the appropriate places below.

		FOR	AGAINST	ABSTAIN
Resolution 1	Approval of Issue of Shares – Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval of Issue of Shares - Director Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of Issue of Shares - Lancaster Park Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of Issue of Shares - Share Purchase Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
OR				<input type="checkbox"/>

If you do not wish to direct your proxy how to vote, please place a mark in the box. If you do not either mark the boxes directing your proxy how to vote or mark the box indicating that you do not wish to direct your proxy how to vote, this appointment of proxy form will be disregarded. By marking this box you acknowledge that, if you have appointed the Chairman as your proxy, the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution. **The Chairman intends to vote in the affirmative for all resolutions in relation to undirected proxies.**

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and your votes will not be counted in computing the required majority on that item.

Shareholders registered in the Company's Australian share register must deliver their proxies prior to 11.00 a.m. (Perth time) on 17 October 2010 to Advanced Share Registry Ltd, PO Box 1156, Nedlands, Western Australia, 6909; or delivered to Advanced Share Registry Ltd, 150 Stirling Highway, Nedlands, Western Australia or by facsimile to Advanced Share Registry Ltd on +61 8 9389 7871.

Shareholders registered in the Company's Canadian share register must deliver their proxies not later than 48 hours prior to the Meeting by mail to Equity Transfer & Trust Company, attention Proxy Department, at 200 University Avenue, Suite 400, Toronto, Ontario M5H 4H1 or by facsimile at +1 416 595-9593.

Signed this _____ day of _____ 2010

PLEASE SIGN HERE This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Name: _____

Name: _____

Title: _____ (if applicable)

Title: _____ (if applicable)

If the date is not completed in the space provided above, this proxy shall be deemed to bear the date of mailing to shareholders of the accompanying Explanatory Statement and Management Information Circular

INSTRUCTIONS

1. **Every shareholder has the right to appoint some other person or company of their choice, who need not be a shareholder, to attend and act on their behalf at the meeting. If you wish to appoint a person or company other than the Chairman, please insert the name of your proxyholder(s) the space provided (see reverse).**
2. If the securities are registered in the name of more than one owner (for example, joint ownership, trustees, executors, etc), then all those registered should sign this proxy. If you are voting on behalf of a corporation or another individual you may be required to provide documentation evidencing your power to sign this proxy with signing capacity stated.
3. This proxy should be signed in the exact manner as the name appears on the proxy.
4. If a shareholder appoints two proxies, each proxy may be appointed to represent a specific proportion of the shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the shareholder's voting rights. Fractions shall be disregarded.
5. Completion of a proxy form will not prevent individual shareholders from attending the Meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the Meeting.
6. To be effective, proxies must be delivered by shareholders as follows:

Shareholders registered in the Company's Australian register must deliver their proxies prior to 11.00 a.m. (Perth time) on 17 October 2010 by mail to Advanced Share Registry Ltd, PO Box 1156, Nedlands, Western Australia, 6909; or delivered to Advanced Share Registry Ltd, 150 Stirling Highway, Nedlands, Western Australia or by facsimile to Advanced Share Registry Ltd on +61 8 9389 7871.

Shareholders registered in the Company's Canadian register must deliver their proxies not later than 48 hours prior to the Meeting by mail to Equity Transfer & Trust Company, attention Proxy Department, at 200 University Avenue, Suite 400, Toronto, Ontario M5H 4H1 or by facsimile at +1 416 595-9593.

7. For the purposes of Regulation 7.11.37 of the Corporations Regulations the Company determines that shareholders holding shares at 5.00 p.m. (Perth time) on 17 October 2010 will be entitled to attend and vote at the Meeting.
8. The Chairman intends to vote in favour of all resolutions set out in the Notice of Meeting.
9. This proxy confers discretionary authority in respect of amendments to matters identified in the Notice of Meeting or other matters that may properly come before the Meeting.
10. This proxy should be read in conjunction with the accompanying documentation provided by management of the Company.