



MIRABELA NICKEL
LTD

(Administrators appointed)

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COMPANY UPDATE

Perth, AUSTRALIA – 16 April 2014: Mirabela Nickel Limited (Administrators Appointed) (ASX:MBN) (**Mirabela** or the **Company**) wishes to provide the following update.

Extension of short-term offtake agreement and unavailability of tax credits

As previously announced, the Company's subsidiary, Mirabela Mineração do Brasil Ltda (**Mirabela Brasil**) is in dispute with Votorantim Metais Niquel S.A. (**Votorantim**) regarding its decision to cease purchasing nickel concentrate in November 2013. As a result of this, Mirabela Brasil had to find an alternate purchaser of the nickel concentrate previously being sold to Votorantim. During the fourth quarter 2013, Mirabela Brasil secured a short-term offtake agreement with an international and foreign domiciled trading house (**ITH**). The terms of this short-term offtake agreement are unfavourable relative to the Votorantim offtake agreement. This short-term offtake agreement has been extended to 30 June 2014.

The Company has been advised that, as a result of the shift from Votorantim to ITH, certain Brazilian state and federal input tax credits that were previously available to Mirabela Brasil are unlikely to be available going forward. These tax credits can only be claimed where there are corresponding domestic sales. The unavailability of the tax credits will have a material negative impact on the cash flow of Mirabela Brasil and the underlying value of the Company's assets. The Company is obtaining advice from its Brazilian tax accountants to confirm the monetary impact of the change in taxation assumptions. The Company is not aware of any alternate in-country potential offtake parties.

Ongoing restructure discussions

On 25 February 2014, the Company announced that it had received a comprehensive recapitalisation proposal from a group of holders of the USD395.0 million 8.75% senior unsecured notes (the **Ad-Hoc Group**). Since the appointment of the Administrators on 25 February 2014, no further proposals have been received and the Administrators have remained in discussion with the Ad-Hoc Group in relation to their proposed recapitalisation and ongoing funding support to enable the continued operation of the Company's Brazilian operations.

The Company has been advised that the Ad-Hoc Group is reviewing its commitment to provide further funding to support the ongoing operations of the Company's Santa Rita mine. As a result of this uncertainty and in order to preserve cash reserves, Mirabela Brasil has advised its workforce and relevant Brazilian authorities that it intends to impose forced leave on approximately 350 staff from 30 April 2014. Mirabela Brasil is also working with its suppliers to reduce ongoing costs. The forced leave can be cancelled at any time before 30 April 2014 should the Ad-Hoc Group recommit to provide funding support. The Company expects to be notified by the Ad-Hoc Group before 30 April 2014 as to whether it will continue to provide funding support.

In the meantime the Administrators and its advisors continue to progress, to the extent possible, the different elements of the proposed recapitalisation proposal and will investigate any other proposals received.