
Quarterly Activity Report for the Period Ended 31 March 2011

Perth, Australia – 29 April 2011: Mirabela Nickel Limited (“Mirabela” or the “Company”) (ASX: MBN, TSX: MNB) is pleased to announce its unaudited first quarter results for the period ended 31 March 2011.

HIGHLIGHTS

- Production of 2,825 tonnes of nickel in concentrate for the quarter
- Sales of 2,084 tonnes of nickel in concentrate for the quarter
- Accelerated mining pre-strip of the central pit on track for completion by the end of Q2 2011
- Non-recurring SAG mill motor failures in January 2011 reduced production for the quarter
- Unit cash costs at US\$6.97/lb for the quarter due to reduced production
- Processing plant expansion to 7.2Mtpa currently within budget and on track for completion by the end of 2011
- Successful debt re-financing in April with the issue of US\$395 million of 8.75% senior unsecured notes due 2018

OPERATIONS

Ramp up of the Santa Rita operation continued during the first quarter of 2011. The focus for 2011 is the completion of the open pit pre-strip and the expansion of the processing plant to 7.2 Mtpa.

Mirabela recently published an updated NI 43-101 Independent Expert Technical Report, which is available on the company’s website and on SEDAR. For 2011, Mirabela is targeting production of 16,800 tonnes of contained nickel in concentrate at an unit cash cost of US\$5.69 per pound and for 2012, a production target of 23,800 tonnes at an unit cash cost of US\$4.99 per pound (reference table 18.10.2_1, page 106 of the NI 43-101 Technical Report).

Safety

Since commencing operations, Santa Rita’s strong commitment to safety has continued with an excellent first quarter performance of no lost time injuries.

The 12 month moving average Lost Time Injury Frequency Rate decreased to 0.64 at the end of the first quarter. The implementation of safety training and safety improvement programmes is continuing.

Production Statistics

		Three months ended 31 Mar 2011	Three months ended 31 Dec 2010	Three months ended 31 Mar 2010	Year to Date 2011
Mining					
Total Material Mined	Tonnes	9,042,297	9,079,000	5,456,000	9,042,297
Ore Mined	Tonnes	975,776	924,000	653,000	975,776
Nickel Grade	%	0.48	0.55	0.56	0.48
Processing					
Total Ore Processed	Tonnes	1,070,368	1,244,000	778,000	1,070,368
Nickel Grade	%	0.48	0.50	0.51	0.48
Copper Grade	%	0.12	0.11	0.15	0.12
Cobalt Grade	%	0.02	0.02	0.02	0.02
Nickel Recovery	%	55	60	48	55
Copper Recovery	%	72	74	62	72
Cobalt Recovery	%	32	31	28	32
Production					
Nickel in Concentrate Produced	DMT	2,825	3,676	1,991	2,825
Copper in Concentrate Produced	DMT	943	980	721	943
Cobalt in Concentrate Produced	DMT	53	62	35	53
Sales					
Nickel in Concentrate Sold	DMT	2,084	3,104	1,987	2,084
Copper in Concentrate Sold	DMT	668	832	721	668
Cobalt in Concentrate Sold	DMT	39	53	36	39

Mining

Mirabela achieved another solid mining performance with 9.0 million tonnes of material movement during the first quarter of 2011. During the first quarter a total of 976,000 tonnes of ore was mined at an average nickel grade of 0.48% and a strip ratio of 8.3:1. This is expected to fall substantially in the second half of the year, once the full strike length of the pit has been opened up.

As planned, the focus for the quarter was on waste material movement and pre-stripping in the central zone of the pit in order to open up the full strike length and ensure future mining flexibility. First ore production from the central zone was on schedule and achieved during March, with significant ore production levels expected during May. Completion of the pre-strip program for the whole mine is on track for the end of Q2 2011.

Equipment availability and utilisation was at acceptable levels in all areas apart from the contractor drilling fleet. Mirabela continues working with its contractors to improve the drilling performance.

Processing

Plant performance for the quarter was affected by non-recurring SAG mill motor failures during January 2011 and restricted ore production in the mine due to the planned focus on pre-stripping.

During the quarter a total of 1.1 million tonnes of ore, grading at an average of 0.48% was milled at an average recovery of 55%. The recovery result for the quarter is in line with the quality of ore presented to the plant for the quarter. During the quarter, a total of 2,825 tonnes of contained nickel in concentrate, 943 tonnes of contained copper in concentrate, and 53 tonnes of contained cobalt in concentrate were produced. All production continued to be within contract specifications and 2,084 tonnes of nickel in concentrate was sold to Mirabela's customers, Votorantim Metais Niquel S.A. and Norilsk Nickel. The first export shipment to Norilsk Nickel was completed during the quarter whilst the second shipment was completed in the first week of April 2011.

7.2Mtpa Expansion

The processing plant expansion project is progressing well and is on schedule and within budget. Installation of the second pebble crusher and the Larox filter were completed during the quarter. Installation of the second ball mill is underway and all major components have been ordered for the de-sliming plant and the crusher upgrade, which are due to be completed during the third quarter 2011.

Exploration

No exploration activity was conducted during the quarter.

Unit Cash Costs

		Three months ended 31 Mar 2011	Three months ended 31 Dec 2010	Three months ended 31 Mar 2010	Year to Date 2011
Payable Nickel Production ⁽¹⁾	Lbs	5,543,060	7,211,968	3,906,565	5,543,060
Mining Cost	US\$/lb	3.49	2.65	3.46	3.49
Processing Costs	US\$/lb	2.10	2.27	2.84	2.10
Administration Cost	US\$/lb	1.08	1.02	1.06	1.08
Transport/Shipping Cost	US\$/lb	0.17	0.06	0.12	0.17
By-Product Credit ⁽²⁾	US\$/lb	(1.32)	(1.05)	(0.95)	(1.32)
Operating Unit Cash Cost	US\$/lb	5.52	4.95	6.52	5.52
Smelter Charges ⁽⁶⁾	US\$/lb	1.45	1.32	1.60	1.45
Unit Cash Cost ⁽³⁾	US\$/lb	6.97	6.27	8.12	6.97
Realised Nickel Price ⁽⁴⁾	US\$/lb	9.55	8.54	9.70	9.55
Realised Copper Price ⁽⁴⁾	US\$/lb	4.43	3.71	2.58	4.43

(1) Average payability of 89%

(2) Including prior period QP adjustments, excludes hedging & call options

(3) Excludes royalty of approximately 4.5% of Gross Revenue

(4) Including prior period QP adjustments, realised hedging, but excluding realised call options.

Including realised call options the realised nickel and copper prices were US\$8.69/lb and (US\$0.11/lb) respectively for the first quarter.

(5) Average exchange rates for the three months ended 31 March 2011: US\$/Real 1.67

(Q4 2010:1.70 and Q1 2010 :1.80)

(6) Smelter charges per payable pound sold was US\$1.97/lb for the quarter 31 March 2011

The unit cash cost of production was higher than the previous quarter primarily due to the reduced production levels, as a result of the SAG mill failures and a much stronger Real exchange rate. These were partially offset by lower smelter charges per pound due to lower shipments. Unit cash costs are expected to continue to fall as production levels increase in the second half of the year.

CORPORATE

Funding

As at 31 March 2011, Mirabela held balances of cash on hand and on deposit of US\$56 million, including US\$25 million held in the Santa Rita contingency reserve account. The reduction in cash since 31 December 2010 (US\$46M) was higher than expected mainly due to:

- One week's delay in the second shipment of nickel concentrate to Norilsk Nickel. Payment of US\$22m for this shipment was received on 5 April 2011; and
- Lower revenue (US\$8 million) due to lost production as a result of the SAG mill motor failures during January 2011.

During April 2011 Mirabela Nickel Ltd successfully issued US\$395 million of 8.75% senior unsecured notes due 2018 (the "Notes") in the international and United States Rule 144A debt capital markets. The Notes are guaranteed by Mirabela Investments Pty Ltd and Mirabela Mineração do Brasil Ltda.

The net proceeds from the Notes issue were used to pay down Mirabela's senior and subordinated debt facilities, terminate nickel and copper call options, interest rate and foreign exchange hedging, to provide further general working capital and for general corporate purposes.

Share Capital

As at 31 March 2011 the Company's issued share capital consisted of 491,561,237 ordinary shares, and a balance of 11,500,000 unlisted options and 1,788,276 performance rights were outstanding.

1,800,000 options lapsed and no options were exercised during the quarter.

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