



COMPANY AND OPERATIONAL UPDATE

Perth, AUSTRALIA – 26 September 2013: Mirabela Nickel Limited (**Mirabela** or the **Company**) (ASX: MBN, TSX: MNB) wishes to provide a company and operational update.

Mirabela has received notification from one of its two customers, Votorantim Metais Niquel S.A. (**Votorantim**), that Votorantim intends to close their smelting facilities from November 2013 due to the adverse nickel market conditions. Votorantim considers that the concentrate sales agreement with Mirabela will terminate at the end of November 2013. The contract was expected to run until the end of 2014. The Company is taking legal advice in relation to its contract with Votorantim and its position in relation to its debt funding agreements.

Mirabela has 100% of its concentrate deliveries committed until the end of 2013 through the remaining deliveries to Votorantim and deliveries to its other customer, Norilsk Nickel, subject to Mirabela's ability to export through the port of Ilheus. The Company has also commenced discussions with Norilsk Nickel and other potential customers regarding 2014.

Mirabela also wishes to provide the following operational update to the end of August 2013 (unaudited numbers):

- Production for the quarter to date of 2,653 tonnes of nickel in concentrate (year to date: 10,884 tonnes)
- Sales for the quarter to date of 2,076 tonnes of nickel in concentrate (year to date: 10,150 tonnes)
- Unit cash costs of US\$6.26/lb for the quarter to date (year to date: US\$5.62/lb)
- Capital expenditure for the quarter to date, including capitalised mining costs, of US\$4.5M (year to date: US\$23.3M)
- Realised nickel price of US\$5.97/lb for the quarter to date (year to date: US\$7.07/lb)
- Cash on hand and on deposit of US\$79.7 million at the end of August 2013 (US\$108 million as at 30 June).

The Company notes the challenging short-term production outlook with the open pit mine being out of sequence post the nitrate supply disruption. This may result in the Company achieving full year contained nickel production of less than 17,000 tonnes, the lower end of Mirabela's current production guidance. Mirabela expects to be in a position to update its 2013 guidance for production, unit cash cost and capital expenditure by the time it releases its third quarter results later in October.

The Company has also commenced its planning cycle for 2014 and notes the following items:

- The Company expects to carry out a substantial tailing storage facility wall lift next year; and
- The Company expects to increase mine material movement to approximately 50 million tonnes per annum next year, in line with the long term mine plan, which will increase the capitalised mining costs.

Whilst the Company is unable at this early stage in its planning cycle to quantify the capital budget for 2014, which will include the items above, it is now evident that the capital expenditure requirements for 2014 may be materially higher than 2013.

The Company also notes the continuing challenging nickel market conditions with LME nickel prices continuing to trade below the Company's cashflow break-even position after overheads, financing and capital costs. Mirabela also notes the recent change in market analyst opinions regarding the likelihood of a recovery of nickel prices in early 2014 on the back of an expected ban of Indonesian nickel ore exports to China, with the market analysts now considering the possibility of continued weak nickel prices for 2014.



The Company notes the increased risk to its business as a result of the challenges outlined above. While the impact of these events are difficult to quantify, should one or more of the risks crystallise the cumulative effect on the Company's cashflow could be significant, particularly in the context of the Company's debt repayment obligations.

Given this heightened risk profile, and the fact that nickel prices are forecast to trade below the Company's break-even position in 2014, Mirabela intends to continue exploring opportunities for new strategic, financing and off-take alternatives. The Company will update the market when it is able to further quantify the potential impact of the risks to its business, as well as in respect of its ongoing process to identify strategic and funding solutions.

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DISCLAIMER - FORWARD LOOKING INFORMATION

Certain information in this document, including all statements that are not historical facts, constitutes forward-looking information within the meaning of applicable Canadian & Australian securities laws. Such forward-looking information includes, but is not limited to, information which reflects management's expectations regarding Mirabela's results of operations.

In making and providing the forward-looking information included in this document, the Company has made numerous assumptions. These assumptions include among other things: (i) assumptions about the price of nickel and other base metals; (ii) assumptions about operating costs and expenditures; (iii) assumptions about future production and recovery; (iv) that the supply and demand for nickel develops as expected; (v) that there is no unanticipated fluctuation in interest rates and foreign exchange rates; and (vi) that there is no material deterioration in general economic conditions. Although management believes that the assumptions made and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate. By its nature, forward-looking information is based on assumptions and involves known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements, or results, to be materially different from future results, performance or achievements expressed or implied by such forward-looking information.

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Such risks, uncertainties and other factors include among other things the following: (i) decreases in the price of nickel and copper; (ii) the risk that the Company will continue to have negative operating cash flow; (iii) the risk that additional financing will not be obtained as and when required; (iv) material increases in operating costs; (v) adverse fluctuations in foreign exchange rates; (vi) the risk that concentrate produced will not meet certain minimum specifications; (vii) production estimates may not be accurate; (viii) environmental risks and changes in environmental legislation; (ix) and failure to comply with restrictions and covenants under the Unsecured Senior Notes.

The Company's MD&A and the Annual Information Form contain information on risks, uncertainties and other factors relating to the forward-looking information. Although the Company has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Also, many of the factors are beyond the Company's control. Accordingly, readers should not place undue reliance on forward-looking information. All forward-looking information disclosed in this document is qualified by this cautionary statement.

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