



# 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 13 September 2010**

**As at and dated 12 August 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 Monday, 13 September 2010 at 11.00 am (Perth time) for the purpose of transacting the following business.

### **1. Resolution 1 – Adoption of Mirabela Nickel Limited Performance Rights Plan**

To consider and, if thought fit, pass the following as an ordinary resolution:

*"That, for the purposes of Listing Rule 7.2, Exception 9(b) and for the purposes of section 613 of the TSX Company Manual, and for all other purposes, the performance rights plan for employees and Directors of the Company known as the "Mirabela Nickel Limited Performance Rights Plan" (the "**Plan**"), a summary of which is set out in the Explanatory Memorandum and Management Information Circular accompanying this Notice, and the grant of Performance Rights and the issue of shares thereunder, be and is hereby approved, until 13 September 2013, as an exception to Listing Rule 7.1."*

#### ***Voting Exclusion:***

The Company will disregard any votes cast on Resolution 1 by any Director and their associates. However, the Company will not disregard a vote cast on Resolution 1 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 a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

### **2. Resolution 2 –Approval of Issue of Performance Rights to Mr Ian Purdy**

Subject to Resolution 1 being approved, to consider and, if thought fit, pass the following as an ordinary resolution:

*"That for the purposes of Listing Rule 10.14 and for all other purposes, the issue of up to 546,719 Performance Rights under the Plan to Mr Ian Purdy on the terms set out in the Explanatory Memorandum and Management Information Circular accompanying this Notice, be and is hereby approved."*

#### ***Voting Exclusion:***

The Company will disregard any votes cast on Resolution 2 by Ian Purdy and any of his associates. However, the Company will not disregard a vote cast on Resolution 2 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 a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

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 11 September 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.
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 12 August 2010, as the record date for Shareholders that are entitled to receive notice of the Meeting and 5.00 pm (Perth time) 11 September 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: 12 August 2010

## EXPLANATORY MEMORANDUM AND MANAGEMENT INFORMATION CIRCULAR

This Explanatory Memorandum and Management Information Circular is furnished 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 13 September 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.

#### **Resolution 1 – Adoption of Mirabela Nickel Limited Performance Share Rights Plan**

Over the past five years the Company has been engaged in the exploration and development of the Santa Rita deposit in Bahia, Brazil. During that time the Company did not have a formal incentive plan, however, options to subscribe for Shares were granted during that period to senior employees and consultants of the Company, in recognition of the successful development of the project.

Mine construction and infrastructure are now complete and the Company's focus has shifted to the transition from construction to production. In that regard, the Company recently successfully recruited an experienced management team and key operational staff to lead this transition.

To support the Company's recruitment and retention strategy, the Board decided to implement a structured, performance based competitive long term incentive plan ("LTIP").

The Company engaged Egan Associates, leading advisors on executive and board remuneration, to provide advice regarding a competitive LTIP that meets the needs of the Company and the expectations of both the Australian and Canadian markets. On the advice of Egan Associates, the Company has decided to adopt the "*Mirabela Nickel Limited Performance Rights Plan*" (the "**Plan**"), a performance rights plan to reward employees and Directors for long term performance.

A Performance Right is a right to be issued a Share upon satisfaction of certain performance conditions as determined by the Board. The adoption of the Plan is consistent with the current trend in the Company's Australian industry peer group to replace employee share option plans with performance rights plans.

The Plan provides for the issue of Performance Rights which, upon a determination by the Board that the performance conditions attached thereto have been met and subject to the terms of the Plan, converts into Shares.

Listing Rule 7.1 provides that a company must not, subject to certain exceptions, issue or agree to issue during any 12 month period ordinary shares representing 15% or more of the number of ordinary shares on issue at the commencement of that 12 month period. The Company wishes to exempt the issue of securities under the Plan from contributing towards said 15% limit by obtaining shareholder approval of the Plan under ASX Listing Rule 7.2, Exception 9(b). Shareholder approval of the Plan is also required pursuant to the TSX Company Manual.

No securities have been issued under the Plan and the Plan has not previously been approved by Shareholders. However, upon shareholder approval of Resolution 2, up to 546,719 Performance Rights will be granted under the Plan to Mr Ian Purdy on the terms set out in this Explanatory Memorandum and Management Information Circular.

Pursuant to the rules of the TSX, Shareholders must re-approve the Plan and all unallocated Performance Rights issuable pursuant thereto every three years.

A copy of the full terms and conditions of the Plan can be obtained by contacting the Company Secretary (see Additional Information at the end of the Management Information Circular attached hereto).

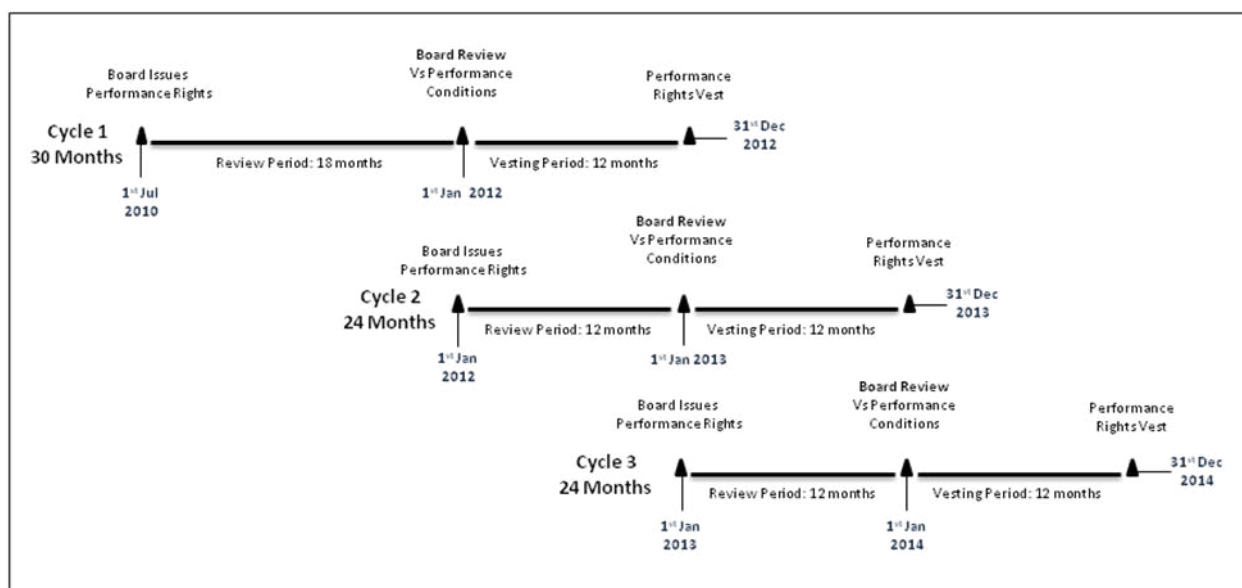
### Reasons for the New Plan

Carefully designed, performance-linked, equity plans are widely considered to be very effective in providing long-term incentives to staff while aligning potential incentive outcomes with the interests of shareholders. They are also recognised as being an effective means of attracting and retaining staff by providing them with the opportunity to participate in the creation of a valuable personal asset – a financial stake in the company on a performance tensioned ‘at risk’ basis. To achieve the Company’s corporate objectives, the Company must attract and retain high calibre experienced staff capable of building a world class producing asset. The Board believes that the grant of Performance Rights under the Plan to eligible participants will underpin the Company’s employment strategy, and will:

- maximise the retention of members of the new management team and other key operational staff;
- enable the Company to attract quality staff in the future;
- link the reward of key staff with the achievements of strategic goals and the long term performance objectives of the Company; and
- provide incentives to participants of the Plan to focus on superior performance that creates Shareholder value.

### Summary of How the Plan Works

The initial participants in the Plan will be the CEO, direct reports to the CEO and selected senior managers within Mirabela. No Directors will initially participate in the plan other than the CEO. The Plan is made up of three cycles and during each cycle participants are eligible to earn Performance Rights subject to meeting specified performance conditions. The first cycle is 30 months, starting 1<sup>st</sup> July 2010 and comprising an 18 month review period and a 12 month vesting period. At the end of the first 18 month review period in cycle 1, the second cycle of the Plan will start. The second cycle (commencing 1<sup>st</sup> January 2012) and third cycle (commencing 1<sup>st</sup> January 2013) will each be for a period of 24 months, each comprising a 12 month review period and a 12 month vesting period.



Performance Rights will be offered to eligible participants at the beginning of each cycle according to the formula defined below. The Performance Rights issued will be subject to achieving the performance conditions set by the Board at the commencement of each cycle. For the first cycle, the performance conditions will involve achieving strategic milestones

including achieving a sustainable 4.6mtpa operation by December 2010, achieving a sustainable 6.4mtpa operation by December 2011, and achieving specific operational and cost control targets. For subsequent cycles the performance conditions will include an equally weighted combination of strategic milestones and a total shareholder return milestone (i.e. 50% each). The total shareholder return milestone will measure the performance of the Company's share price against that of a selected group of peer companies, such as Minara Resources Limited, Panoramic Resources Limited, Independence Group NL, Western Areas NL and Mincor Resources NL. At the end of each review period and /or 3 months later the Board will review whether the performance conditions have been achieved, or partially achieved. Performance Rights will lapse to the extent the relevant performance conditions have not been achieved.

The maximum number of Performance Rights that can be issued to participants under the Plan during each cycle will be determined according to the following formula:

**Max Performance Rights = Salary x Bonus % ÷ Share Price**

**Salary:** The participant's salary (including superannuation) payable at the beginning of the review period when Performance Rights are offered.

**Bonus %:** This percentage determines the potential size of the bonus and is determined by, and may be adjusted by, the Board. It is currently proposed to be 100% for the Chief Executive officer, Ian Purdy, 75% for the Managing Director Brazil, Luis Nepomuceno, and 30% to 60% for all other participants.

**Share Price:** A\$2.40 for the first cycle and thereafter the volume weighted average market price of the Company's shares over the 5 trading days prior to the commencement of the relevant cycle.

Performance Rights issued by the Board will not vest (i.e. cannot be converted to shares) until the expiry of the 12 month vesting period which commences at the end of the relevant review period. If an employee resigns during that period unvested Performance Rights will lapse. Further details of the Plan can be found below under the section titled "Plan Features", including provisions on ceasing to be an employee and takeovers or change of control.

If the Board issues the maximum possible number of Performance Rights to all proposed participants in the first cycle of the Plan, all performance conditions are met, and all such Performance Rights vest at the end of the 30 month cycle, this would result in the issue of approximately 1.4 million shares, a dilution of approximately 0.38% of the current issued capital of the Company.

The Board considers this incentive Plan a crucial mechanism to encourage and retain high level executive and employee performance. The Board intends to implement the Plan, and set the performance conditions, in a manner designed to incentivise and reward high level executive and employee performance.

### **Plan Features**

This section summarises the key features of the Plan and provides a brief outline of how the Board intends to implement initial participation in the Plan.

**Eligible Participants:** The eligible participants under the Plan are (i) full time employees and permanent part-time employees of the Company and its subsidiaries, (ii) Directors and the company secretary of the Company and its subsidiaries; and (iii) any other person who is determined by the Board to be an eligible employee. As noted above, the initial participants in the Plan will be the CEO, direct reports to the CEO and selected senior managers within the Company.

In accordance with the Listing Rules, prior Shareholder approval will be required before any Director or related party of the Company can participate in the Plan.

**Limits on Entitlements:** An offer of Performance Rights may only be made under the Plan if the number of Shares that may be acquired on exercise of those Performance Rights, when aggregated with:

- (a) the number of Shares which would be issued if each outstanding offer, right or option to acquire unissued Shares, being an offer made or right or option acquired pursuant to the Plan or any other incentive scheme, was to be accepted or exercised (as the case may be); or
- (b) the number of Shares issued during the previous 5 years pursuant to the Plan or any other incentive scheme; **but**
- (c) disregarding an offer made, or Performance Rights acquired or Shares issued by way of or as a result of:
  - (i) an offer to a person situated at the time of receipt of the offer outside Australia;
  - (ii) an offer that did not need disclosure to investors because of section 708 of the Corporations Act; or
  - (iii) an offer made under a disclosure document;

does not exceed 5% (or such other maximum permitted under any ASIC Class Order providing relief from the disclosure regime of the Australian Corporations Act) of the total number of issued Shares as at the time of the offer.

**Individual Limits:** The Plan does not set out a maximum number of Shares that may be made issuable to any one person or company, other than specifying a maximum percentage of Shares available to Insiders (as defined by the TSX Company Manual) of the Company. The maximum number of Shares that may be issued to Insiders within any one year period and issuable to Insiders at any time, pursuant to the Plan or when combined with any other security based compensation arrangement shall not exceed 10% of the total number of Shares issued and outstanding.

**Consideration Payable:** Performance Rights will be issued for no consideration and no amount will be payable upon exercise thereof.

**Offer and Performance Conditions:** Performance Rights issued under the Plan to eligible participants will be subject to performance conditions, determined by the Board from time to time and expressed in a written offer letter (the **"Offer"**) made by the Company to the eligible participant at the beginning of each cycle. The performance conditions may include one or more of (i) service to the Company of a minimum period of time (ii) achievement of specific performance conditions by the participant and/or by the Company (iii) a minimum vesting period following satisfaction of performance conditions before the Performance Rights vest, or (iv) such other performance conditions as the Board may determine and set out in the Offer. Except for a performance condition that requires the passage of a minimum service period, the Board in its absolute discretion determines whether performance conditions have been met and, hence, following the expiry of the vesting period whether Performance Rights have vested.

**Expiry Date & Lapse:** Performance Rights will have an expiry date as the Board may determine in its absolute discretion and specify in the Offer. No default expiry date is specified in the Plan. Performance Rights will lapse if one or more performance conditions are not satisfied by the relevant expiry date or unless the Board determines the participant ceases to be an eligible employee for the purposes of the Plan for any reason (other than as a result of retirement, disability, bona fide redundancy or death).

**Retirement, Disability, Redundancy or Death:** Under the Plan, upon the retirement, total and permanent disability, bona fide redundancy or death of a participant, then:

- (a) Performance Rights in respect of which the performance conditions have been satisfied but the vesting period has not expired will automatically vest and be converted into the equivalent number of Shares; and
- (b) Performance Rights in respect of which one or more of the relevant performance conditions have not been satisfied (but have not lapsed) may be deemed to automatically vest at the discretion of the Board and be converted into the equivalent number of Shares.

**Forfeiture:** If a participant acts fraudulently or dishonestly or is in breach of his or her obligations to the Company at any time, the Performance Rights then held by him or her will automatically lapse or if such Performance Rights have been exercised any Shares acquired upon exercise thereof will be automatically forfeited and the participant will either (i) be deemed to have agreed to sell such Shares to the Company pursuant to an Employee Share Scheme Buy-Back (as defined in the Corporations Act) for no consideration or (ii) be deemed to have appointed any officer of the Company as his or her

agent to sell such Shares on market. In the event the underlying Shares have been sold by the participant the participant will be required to pay all or part of the net proceeds of that sale to the Company.

**Assignment:** Without approval of the Board, Performance Rights may not be transferred, assigned or novated, except, upon death, a participant's legal personal representative may elect to be registered as the new holder of such Performance Rights and exercise any rights in respect of them.

**Takeover Bid or Change of Control:** All Performance Rights automatically vest in the event of:

- (a) a Court ordering a meeting to be held in relation to a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies and the shareholders of the Company approves the proposed compromise or arrangement at such meeting;
- (b) a takeover bid (as defined in the Corporations Act) is announced, has become unconditional and the person making the takeover bid has a relevant interest in 50% or more of the shares in the Company; or
- (c) any person acquires a relevant interest in 50.1% or more shares in the Company by any other means.

**Alteration in Share Capital:** Appropriate adjustments will be made to Performance Rights in the event of a reconstruction of the share capital of the Company, such as a share consolidation, share split or other reduction of capital.

**Pro Rata Issue of Securities:** If, during the term of any Performance Right, the Company makes a pro rata issue of securities to the Company's shareholders by way of a rights issue, the holder thereof shall be entitled to participate in the rights issue on the same terms as the Company's shareholders as if the holder held that number of Shares equal to the number of Shares issuable to the holder if all of the holder's Performance Rights were exercised prior to the record date for determining entitlement under the pro rata issue.

A holder will not be entitled to any adjustment to the number of Shares he or she is entitled to under any Performance Right or adjustment to any Performance Condition which is based, in whole or in part, upon the Company's share price, as a result of the Company undertaking a rights issue.

**Bonus Issue:** If, during the term of any Performance Right, the Company completes a bonus issue, the number of Shares each Performance Rights holder is then entitled, shall be increased by that number of securities which the holder would have been issued if the Performance Rights then held by the holder were exercised immediately prior to the record date for the bonus issue.

**Participation in other Opportunities:** There are no participation rights or entitlements inherent in the Performance Rights though the Company will use its best endeavours to ensure that each holder is given an opportunity to participate on the same basis as if his or her Performance Rights had been exercised.

**Amendments Without Shareholder Approval:** The Plan provides that the Board may make the following amendments without Shareholder approval:

- amendments of a "housekeeping" or ministerial nature including without limiting the generality of the foregoing, any amendment for the purpose of curing any ambiguity, error or omission in the Plan or any terms and conditions or to correct or supplement any provision of the Plan or any terms and conditions that is inconsistent with any other provision of the Plan or any terms and conditions;
- amendments necessary to comply with the provisions of applicable law (including without limitation, the Listing Rules);
- amendments respecting administration of the Plan;
- amendments respecting termination provisions of the Plan or the terms and conditions attached to the Plan;
- amendments respecting the offer of any financial assistance by the Company under the Plan;
- include or modify a cashless exercise feature;

- amendments necessary to suspend or terminate the Plan;
- amendments to address possible or actual adverse tax implications in respect of the Plan arising from, amongst other things, adverse rulings from the Commissioner of Taxation, changes to tax legislation (including an official announcement by the Commonwealth of Australia) and/or changes in the interpretation of tax legislation by a court of competent jurisdiction; and
- any other amendment, whether fundamental or otherwise, which does not require shareholder approval under the Plan (refer to the bullet point list in the paragraph below for a list of amendments that require shareholder approval) or applicable law (including without limitation, the Listing Rules).

**Restrictions on Amendments:** The Plan provides that the following amendments must be approved by Shareholders:

- amendments to the maximum number of Performance Rights issuable under the Plan;
- any amendment which reduces the exercise price (if any) of a Performance Right or allows the cancellation and reissuance of a Performance Right with a lower exercise price, in either case, if such amendment benefits an Insider;
- any amendment extending the term of a Performance Right held by an Insider beyond its original expiry date if such amendment benefits an Insider;
- any amendment to remove or exceed the Insider participation limit of 10% of the total number of Shares issued and outstanding;
- any amendment to the amendment provision of the Plan; and
- amendments required to be approved by shareholders under applicable law (including without limitation, the Listing Rules).

**Suspension or Termination:** The Board may suspend or terminate the Plan but the suspension or termination will not affect any existing issued Performance Rights.

*Specific Information Required by Listing Rule 7.2 and TSX Company Manual*

In accordance with the requirements of Listing Rule 7.2 Exception 9(b) and for the purposes of the TSX Company Manual, the following information is provided:

- (a) The material terms of the Plan are summarised above.
- (b) This is the first approval sought under Listing Rule 7.2 Exception 9 with respect to the Plan.
- (c) No securities have been issued under the Plan. However, upon shareholder approval, up to 546,719 Performance Rights will be granted under the Plan to Mr Ian Purdy on the terms set out in this Explanatory Memorandum and Management Information Circular.
- (d) A voting exclusion statement has been included for the purposes of Resolutions 1 and 2.

In addition, pursuant to Sections 602 and 613 of the TSX Company Manual, the Performance Rights must be approved by the TSX and Shareholders. In that regard, Section 613 of the TSX Company Manual requires that, in addition to the information set out elsewhere in this Explanatory Memorandum and Management Information Circular, Shareholders be provided with the following information in respect of the Plan:

- the maximum number of Performance Rights issuable under the Plan is 18,358,136, representing 5% of the Company's current outstanding share capital, however the number of shares to be issued under the current Plan will be considerably lower ; and

- the Company has not provided and will not provide any financial assistance in respect of the exercise of Performance Rights.

In accordance with Section 613(g) of the TSX Company Manual the Company's annual report, available under the Company's profile on sedar.com, contains a description of the terms of the Company's existing security based compensation arrangements (other than the Plan).

#### *Initial Implementation*

**Participation.** It is anticipated that only Mr Purdy, persons reporting to him directly and other key management staff will be granted Performance Rights in 2010 (the "**Initial Participants**"). Details of the Performance Rights which are to be granted to Mr Purdy are set out below in respect of Resolution 2.

**Performance Conditions.** It is anticipated that the issue and vesting of Performance Rights under the Plan to the Initial Participants will be determined as follows:

- (a) each of the Initial Participants will be assigned a fixed maximum bonus percentage (the "**Maximum Bonus**") and will be issued Performance Rights based on that percentage of their total employment cost (consisting of the sum of their base salary plus superannuation) ("**TEC**") at the beginning of the cycle. It is anticipated that there will be three cycles of Performance Rights issued to the Initial Participants during the three year period. The number of performance rights issued under the first cycle shall be equal to the TEC x the Maximum Bonus (%) / \$2.40. The number of performance rights issued under cycles two and three shall be equal to the TEC x the Maximum Bonus (%) / 5 day VWAP of the shares immediately before the commencement of the cycle.
- (b) it is anticipated that the Maximum Bonus will range from 30% to 100% of TEC, escalating with the seniority of the Initial Participant;
- (c) the Performance Rights issued to the Initial Participants will be subject to certain performance conditions relating to the relevant review period;
- (d) the performance conditions for the first cycle will be based on prescribed corporate strategic objectives. For cycles two and three the performance conditions will be based on a combination of prescribed corporate strategic objectives and total shareholder return;
- (e) all Performance Rights granted to the Initial Participants will also be subject to a twelve month vesting period; and
- (f) the Board will assess satisfaction of the performance conditions in accordance with Plan (and the terms and conditions).

The Performance Rights to be granted to the Initial Participants will otherwise be subject to the terms and conditions of the Plan described above.

### **Resolution 2 - Approval of Issue of Performance Rights to Mr Ian Purdy**

Subject to the passage of Resolution 1, Shareholder approval is sought for the grant of up to a maximum of 546,719 Performance Rights to Mr Ian Purdy, the Chief Executive Officer ("CEO") of the Company consisting of Performance Rights to be issued in lieu of the grant of the Purdy Options (see paragraph 1 below) and Performance Rights to be issued for the first 30 month cycle of the Plan. Shareholder approval to the proposed issue of Performance Rights to Mr Purdy is required under ASX Listing Rule 10.14 because Mr Purdy is a Director of the Company. The Performance Rights to be issued to Mr Purdy, in respect of performance during the 26 month period from the 1st November 2009 to the 31st December 2011, represent 0.15% of the Company's currently issued and outstanding Shares. Shareholder approval will be sought prior to the issue of Performance Rights to Mr Purdy for future cycles of the Plan.

Mr Purdy was appointed as CEO of the Company on 1 November 2009. Prior to joining Mirabela, Mr Purdy has held a number of senior positions in the Australian mining industry, including Managing Director of Norilsk Nickel Australia and Director of Finance and Strategy of LionOre Australia, where he led the management of sulphide and laterite nickel operations. Mr Purdy has a strong track record in operations management, sales and logistics, and financial control. Mr Purdy previously worked for WMC Limited and North Limited in senior financial and commercial roles.

It is proposed that 155,000 Performance Rights be issued in lieu of the grant of the **Purdy Options** (see paragraph 1 below) and up to a maximum of 391,719 Performance Rights be issued for the first 30 month cycle of the Plan as incentive securities (see paragraph 2 below).

***(1) 155,000 Performance Rights issued in lieu of the Purdy Options***

Mr Purdy's employment contract, dated 1 November 2009, specified the following remuneration arrangements:

- (a) commencing 1 November 2009, fixed remuneration of \$626,750 per annum;
- (b) participation in the Company's short term incentive plan;
- (c) participation in the Company's long term incentive plan; and
- (d) grant of 600,000 options at an exercise price of \$3.00 vesting over 2 years, with an expiry date of 30 June 2014, subject to shareholder approval (the "**Purdy Options**").

In late 2009, significant changes were made to the rules governing the taxation of options for employees. As a result of such changes in the taxation of options, the grant of the Purdy Options was suspended pending consideration of the changes to the Australian tax legislation. A commitment was made to issue equivalent value securities once appropriate taxation advice was received.

It is now proposed to issue 155,000 Performance Rights under the Plan to Mr Purdy in lieu of the grant of the Purdy Options. The number of Performance Rights to be issued to Mr Purdy will be lower than the number of Purdy Options due to the inherent higher value of a Performance Right relative to an option.

The relative valuation of share options versus Performance Rights is complex and ultimately somewhat subjective. The Board assessed the relative valuations and determined to recommend the number of Performance Rights to be issued. The Board also took into consideration that the Plan described above will be introduced from 1 July 2010.

There will be no performance conditions attached to these 155,000 Performance Rights but they will be subject to a vesting period expiring on 1 July 2011 whereupon the Performance Rights will automatically convert into Shares on a one for one basis for no consideration. If Mr Purdy resigns prior to the 1<sup>st</sup> July 2011 (in accordance with the terms of the Plan and the terms and conditions) the 155,000 Performance Rights will lapse.

***(2) 391,719 Performance Rights granted as incentive securities for the first 30 month cycle of the Plan***

The Board believes that the grant of up to a maximum 391,719 Performance Rights to Mr Purdy for the first 30 month cycle of the Plan will provide Mr Purdy with incentive to achieve the long term performance objectives of the Company by aligning the delivery of those specific business and operational objectives with Mr Purdy's potential to receive incentive based share ownership in the Company. The 391,719 Performance Rights to be granted to Mr Purdy are subject to the terms and conditions of the Plan and are 'at risk' until the vesting conditions are met.

**Performance Rights Allocation**

Mr Purdy has been assigned a "maximum bonus percentage" of 100% by Egan Associates based on those at comparable issuers. The number of Performance Rights that will be issued to Mr Purdy for the first 30 month cycle of the Plan, starting the 1<sup>st</sup> July 2010, will be calculated as TEC at the beginning of the cycle x the Maximum Bonus (%) / \$2.40. The allocation price represents a premium to the price of recent capital raisings and to the current market value of the Company's shares. Shareholder approval will be sought later for the issue of Performance Rights to Mr Purdy for future cycles of the Plan.

### **Performance Conditions and Vesting Period**

Mr Purdy's Performance Rights will be issued under the Plan and hence be subject the terms and conditions set out in Resolution 1 above. If the Shareholders do not approve Resolution 1 or Resolution 2, then Mr Purdy will not be granted Performance Rights but the Company will seek to issue other compensation (including cash) to Mr Purdy in lieu of the grant of the Purdy Options.

Shareholder approval is required under Listing Rule 10.14 for the issue of Performance Rights to Mr Purdy as he is a Director and therefore a related party of the Company. The Board has considered the application of Chapter 2E of the Corporations Act and has resolved that the reasonable remuneration exception provided by section 211 of the Corporations Act is relevant in the circumstances and accordingly, the Company will not also seek approval for the issue of Performance Rights to Mr Purdy pursuant to section 208 of the Corporations Act.

Listing Rule 10.15 requires the following information to be provided in relation to the Performance Rights which may be granted to Mr Purdy pursuant to the Plan:

- (a) The maximum number of Performance Rights (and hence the maximum number of Shares) which may be issued to Mr Purdy for the period the 1<sup>st</sup> July 2010 to the 31<sup>st</sup> December 2012 is 546,719. The formula for determining the number of Performance Rights issued to Mr Purdy is detailed above.
- (b) No consideration is payable by Mr Purdy at the time of issue of the Performance Rights or upon exercise thereof.
- (c) There have not been any Performance Rights issued under the Plan to date.
- (d) Under the Plan, only eligible employees are entitled to participate in the Plan. Mr Purdy has been determined to be an eligible employee for the purposes of the Plan.
- (e) No loans will be made by the Company in connection with the issue of Performance Rights to Mr Purdy.
- (f) The Performance Rights will be issued to Mr Purdy no later than one year after the date of the Meeting (or such later date as permitted by ASX by way of a waiver from the Listing Rules).
- (g) Except as stated above, all other terms and conditions of Mr Purdy's Performance Rights are as described above in respect of the Plan, generally.

### **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 Monday, 13 September 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 11 September 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 787, (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 12 August 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 12 August 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 11 September 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 other than:

<b>Name</b>	<b>Total Number of Shares</b>	
	<b>Owned, Controlled or Directed</b>	<b>Percentage of Voting Shares</b>
<b>Dundee Corporation</b>	38,359,108 <sup>1</sup>	10.45%

Note:

- (1) 36,159,108 of the Shares are held as of record by Goodman & Company, Investment Counsel Ltd. based on the early warning report filed on SEDAR on 12 April 2010 and 2,200,000 of the Shares are held as of record by Dundee Resources Limited.

## 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.

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

## Indebtedness of Directors and Executive Officers

As at 12 August 2010, no executive officer, director, employee or former executive officer, director or employee of the Company or any subsidiary is indebted to the Company or any of its subsidiaries in connection with a purchase of securities or otherwise. In addition, as at 12 August 2010 no executive officer, director, employee or former executive officer, director or employee of the Company is indebted to another entity where the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or a subsidiary.

No person who is a director or executive officer of the Company, or who was a director or executive officer of the Company at any time during the most recently completed financial year, any proposed nominee for election as a director or any associate of any such director, executive officer, or proposed nominee is, or at any time since the beginning of the most recently completed financial year of the Company has been indebted to the Company or any of its subsidiaries or to another entity if such indebtedness is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or a subsidiary.

## Statement of Executive Compensation

### Named Executive Officers

As at 31 December 2009, the Company had seven "Named Executive Officers" ("NEOs"), in each case, as defined in NI 51-102: Ian Purdy, the Chief Executive Officer ("CEO") and Managing Director ("MD"), Nick Poll, the former CEO and MD, Chris Els, Chief Financial Officer ("CFO") and Company Secretary, Stephen Hills, the former CFO and Company Secretary, Raphael Bloise, former Project Director, Mirabela Mineração Brasil do Ltda, David Chapman, the former Operations Manager, and Bryan Hyde, the Managing Director of the Santa Rita Project.

### Compensation Discussion & Analysis

In October, 2007 the Company established a remuneration and nomination committee (the "**Remuneration Committee**"). The Remuneration Committee is, in part, responsible for reviewing and making recommendations to the Board concerning the appointment, compensation, benefits and termination of executive officers and all other senior employees of the Company. The Remuneration Committee also makes recommendations for evaluating the effectiveness of the Board and makes recommendations concerning the composition and remuneration of the Board. The Remuneration Committee currently consists of four members: Mr Sheard, (Chairman), Mr Clough, Mr Hamilton and Mr Steyn.

Compensation levels for NEOs of the Company are set to attract and retain appropriately qualified and experienced executives, reward the achievement of strategic objectives, and create value for shareholders. From, time to time, the Company obtains independent advice on the appropriateness of compensation packages of the Company, given trends in comparative companies both locally and internationally, and the objectives of the Company's compensation strategy.

The total fixed remuneration of each NEO is determined upon an assessment of the NEO's responsibilities and role, previous performance and skill set. In addition, as stated above, consideration is given to the total fixed remuneration paid by comparable companies. Comparable companies include, but are not limited to companies with either similar market capitalisation and / or within the same industry, such as Minara Resources Limited, Western Areas NL, Panoramic Resources Ltd, Independence Group NL and Mincor Resources NL.

Generally, compensation is provided by the Company to its NEOs as a combination of salary, stock-based grants and bonuses.

It is the Company's view that competitive base compensation is integral to attracting and retaining talented executives.

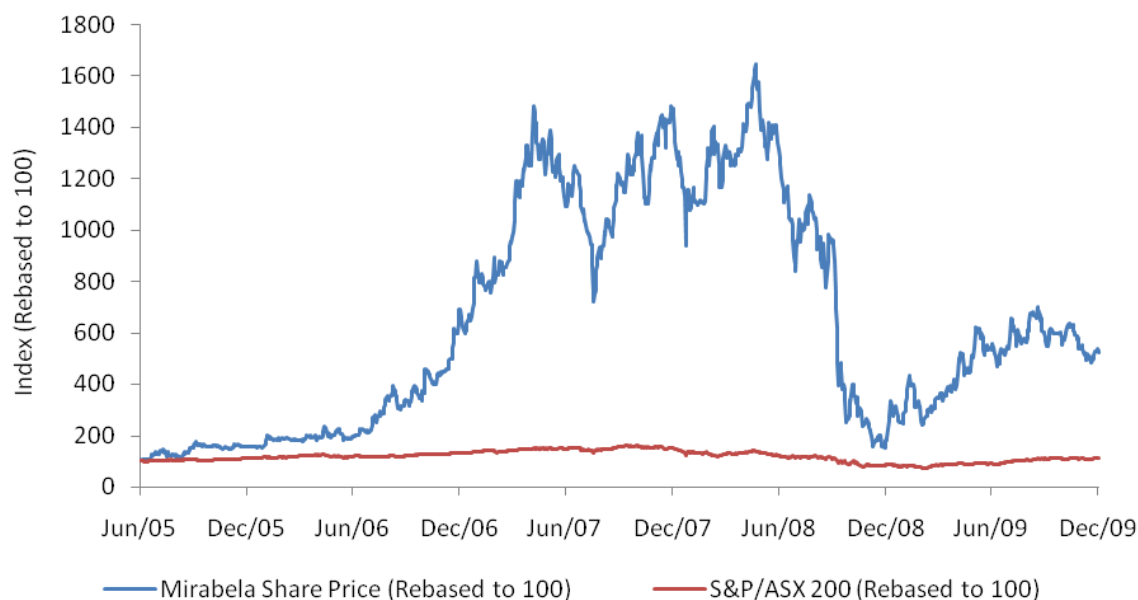
Stock-based grants, such as stock options, have been used to ensure that NEO's are motivated to maximize shareholder value by linking executive compensation to share price and rewarding those who make a long term contribution and commitment to the Company. As discussed in detail above, subject to TSX and shareholder approval the Company has determined to adopt a performance share rights plan which is expected to replace, in whole or in part, the use of stock options as compensation.

Bonuses are designed to reward NEOs for meeting or exceeding certain objectives. The Company's performance and the performance of the NEO during the period is considered in determining whether a bonus will be paid and if so, the amount of the bonus. For the year ended December 31, 2009, consideration was given to the recognition of the successful completion of construction, achievement of aggressive commission and ramp up targets, establishment of operational capability and the successful financing of the Santa Rita Project.

There is no scheme to provide retirement benefits, other than statutory superannuation, to executive officers and non-executive Directors.

### Performance Graph

The following graph compares, assuming an initial investment of \$100, the yearly percentage change in the Company's cumulative total shareholder return on its Shares against the cumulative total shareholder return of the S&P/ASX 200 Index for the Company's five most recently completed financial years.



	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	Dec 31, 2009
<b>Mirabela Nickel Ltd</b>	100	191.67	1,091.67	1,314.58	529.17	520.83
<b>S&amp;P/ ASX 200 Index</b>	100	118.62	146.70	121.92	92.46	113.87

As previously stated, the value of the NEO's option-based compensation is linked to the performance of the Company's share price and as a consequence is directly aligned with shareholder wealth. This relationship is demonstrated by comparing the cumulative total shareholder return of \$100 invested in the Company's ordinary shares, with the cumulative shareholder return of the S&P/ASX200 over a similar period.

### Option-Based Awards

Option-based awards have been a component of both the Company's short term and long term incentive compensation. Options have been issued to NEOs at the discretion of the Board, upon the recommendation of the Remuneration Committee. Share options vest upon the optionee remaining employed by the Company for a specified period of time and, in respect of grants to NEOs, upon the Company and/or the individual attaining certain milestones. Previous grants of option-based awards are taken into account when considering new grants. If Resolution 1 is approved and the Plan is adopted, the grant of Performance Rights thereunder may replace, in whole or in part, the grant of options to NEOs.

## Summary Compensation Table

The following table and the notes thereto summarize the compensation of the NEOs.

Name and Principal Position	Year	Salary	Share-based Awards	Option-based Awards	Non-equity Incentive Plan Compensation		Pension Value <sup>(1)</sup>	All Other Compensation	Total Compensation
					Annual incentive plans	Long-term incentive plans			
		(A\$)	(A\$)	(A\$)	(A\$)	(A\$)	(A\$)	(A\$)	(A\$)
<b>Nick Poll</b> Former CEO and MD	December 2009 <sup>(2)</sup>	243,130	NIL	NIL	NIL	NIL	21,882	238,179	503,191
	June 2009 <sup>(3)</sup>	450,000	NIL	NIL	225,000	NIL	NIL	NIL	675,000
<b>Ian Purdy</b> <sup>(4)</sup> CEO and MD	December 2009 <sup>(2)</sup>	100,290	NIL	NIL	NIL	NIL	4,167	NIL	104,457
	June 2009 <sup>(3)</sup>	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Stephen Hills</b> Former CFO and Company Secretary	December 2009 <sup>(2)</sup>	125,176	NIL	NIL	37,884	NIL	37,259	119,457	319,776
	June 2009 <sup>(3)</sup>	272,307	NIL	NIL	90,000	NIL	21,600	NIL	383,907
<b>Chris Els</b> CFO and Company Secretary	December 2009 <sup>(2)</sup>	138,833	NIL	NIL	85,000	NIL	20,100	NIL	243,933
	June 2009 <sup>(3)</sup>	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Raphael Bloise</b> Former Project Director, Mirabela Mineração Brasil do Ltda	December 2009 <sup>(2)</sup>	228,016	NIL	NIL	662,911	NIL	NIL	NIL	890,927
	June 2009 <sup>(3)</sup>	510,965	NIL	NIL	NIL	NIL	NIL	NIL	510,965
<b>David Chapman</b> Former Operations Manager	December 2009 <sup>(2)</sup>	137,614	NIL	NIL	NIL	NIL	12,385	158,786	308,785
	June 2009 <sup>(3)</sup>	260,000	NIL	NIL	100,000	NIL	23,400	NIL	383,400
<b>Bryan Hyde</b> Managing Director, Santa Rita Project	December 2009 <sup>(2)</sup>	269,884	NIL	732,800	274,876	NIL	NIL	NIL	1,277,560
	June 2009 <sup>(3)</sup>	44,524	NIL	NIL	NIL	NIL	NIL	NIL	NIL

### Notes:

- (1) Payments reflected in this column are in respect of statutory superannuation contributions paid for retirement funding purposes.
- (2) December 2009 refers to the financial year beginning July 1, 2009 and ending December 31, 2009.
- (3) June 2009 refers to the financial year beginning July 1, 2008 and ending June 30, 2009.
- (4) Mr Purdy's compensation is paid in a single package and is inclusive of compensation for his activities as a Director.

## Incentive Plan Awards

### *Outstanding share-based awards and option-based awards*

The following table discloses the individual outstanding share-based awards and option-based awards outstanding at the end of the most recently completed financial year (including awards granted before the most recently completed financial year) to each NEO.

Named <u>Executive Officer</u>	Option-Based Awards			Share-Based Awards		
	Number of Securities underlying unexercised option (#)	Option exercise price (A\$)	Option expiration date (date)	Value of unexercised in- the-money options (A\$)	Number of share units of shares that have not vested (#)	Market or payout value of share- based awards that have not vested (A\$)
<b>Nick Poll</b> Former CEO and MD	1,200,000 <sup>(1)</sup>	5.60	Feb 23, 2011	NIL	NIL	NIL
<b>Ian Purdy</b> CEO and MD	NIL	NIL	NIL	NIL	NIL	NIL
<b>Stephen Hills</b> Former Chief Financial Officer and Company Secretary	NIL	NIL	NIL	NIL	NIL	NIL
<b>Chris Els</b> CFO and Company Secretary	NIL	NIL	NIL	NIL	NIL	NIL
<b>Raphael Bloise</b> Former Project Director, Mirabela Mineração Brasil do Ltda	200,000 <sup>(2)</sup>	6.20	Jun 30, 2011	NIL	NIL	NIL
<b>David Chapman</b> Former Operations Manager	150,000 <sup>(2)</sup> 200,000 <sup>(3)</sup>	6.20 0.95	Jun 30, 2011 Apr 30, 2010	NIL NIL	NIL NIL	NIL NIL
<b>Bryan Hyde</b> Managing Director, Santa Rita Project	400,000 <sup>(4)</sup>	3.00	Jun 30, 2014	NIL	NIL	NIL

Note:

All options are exercisable for fully paid ordinary shares in the capital of the Company.

- (1) Grant date – 9 August 2007. Options vested upon two years of service.
- (2) Grant date – 9 August 2007. Options vested upon commissioning of the plant at the Santa Rita Project.
- (3) Grant date – 24 April 2006. Options vested upon completion of EPCM contract.
- (4) Grant date – 25 September 2009. Options vested upon two years of service.

*Incentive plan awards – value vested or earned during the year*

The following table summarizes the aggregate value of incentive plan awards vested or earned during the most recently completed financial year to each NEO.

<b>NEO</b>	<b>Option-based awards – Value vested during the year<sup>(1)</sup></b>	<b>Share-based awards – Value vested during the year</b>	<b>Non-equity incentive plan compensation – Value earned during the year</b>
	(A\$)	(A\$)	(A\$)
<b>Nick Poll</b> Former CEO and MD	NIL	NIL	NIL
<b>Ian Purdy</b> CEO and MD	NIL	NIL	NIL
<b>Stephen Hills</b> Former CFO and Company Secretary	NIL	NIL	37,844
<b>Chris Els</b> CFO and Company Secretary	NIL	NIL	85,000
<b>Raphael Bloise</b> Former Project Director, Mirabela Mineração Brasil do Ltda	NIL	NIL	662,911
<b>David Chapman</b> Former Operations Manager	NIL	NIL	NIL
<b>Bryan Hyde</b> Managing Director, Santa Rita Project	NIL	NIL	274,876

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Note:

(1) A value is only shown in this column if the unexercised options are vested and in the money. If a value is shown it is calculated by reference to the difference between the share price at vesting date and the exercise price, multiplied by the number of options that are vested and exercisable.

#### **Pension Plan Benefits**

The Company does not have a pension plan and has not provided any pension plan benefits, other than statutory superannuation, to its NEOs.

#### **Termination and Change of Control Benefits**

Mr Ian Purdy, CEO and MD, entered into an employment contract dated 1 November 2009 with the Company. The contract is unlimited in term but may be terminated upon six months' notice by either party. In the event of a change of control of the Company, Mr Purdy may, at his discretion, terminate his employment and be entitled to a termination payment equal to 6 months' salary. In the event the Company terminates Mr Purdy's employment without cause, Mr Purdy will be entitled to a payment equal to six months' salary.

Mr Chris Els, CFO & Company Secretary entered into an employment contract as CFO with the Company effective 1 August 2009 and was appointed Company Secretary on 7 January 2010. The contract is unlimited by term but may be terminated upon three months' notice by either party. In the event of a change of control of the Company, Mr Els may, at his discretion, terminate his employment and be entitled to a termination payment equal to three months' salary. In the event the Company terminates Mr Els's employment without cause, Mr Els will be entitled to a payment equal to three months' salary.

Mr Bryan Hyde, Managing Director-Santa Rita Project, entered into a services contract with the Company effective 1 June 2009. The contract has a term of 18 months from commencement date, subject to earlier termination upon three months notice by either party. In the event the Company terminates Mr Hyde's employment without cause, Mr Hyde will be entitled to a payment equal to three months' salary. In the event of a change of control of the Company, the Company will terminate his employment and pay Mr Hyde a termination payment equal to three months' salary which includes all bonuses that have not been paid under Mr Hyde's contract and all unvested options will vest immediately.

The Company has entered into standard protection deeds (the "**Deeds**") with each of its Directors and certain of its Officers which provide for, amongst other things, an indemnity of the Directors and Officers, to the extent permitted by law, against any liability which they may incur while carrying out duties as Directors or Officers of the Company, access to the documents of the Board of the Company and the provision of Directors' and Officer's insurance.

Other than the agreements described above, the Deeds and the payment of Directors' fees (discussed below), for the most recently completed financial year there are no employment contracts or other arrangements in existence between the Company or its subsidiary and any Director or Officer of the Company and there is no arrangement or agreement made between the Company and any of its NEOs pursuant to which a payment or other benefit is to be made or given by way of compensation in the event of that Officer's resignation, retirement or other termination of employment, or in the event of a change of control of the Company or a change in the NEOs' responsibilities following such a change of control.

### Compensation of Directors

The following table sets out all amounts of compensation provided to the directors for the Company's most recently completed financial year:

Director <sup>(1)</sup>	Fees	Share-	Option-based	Non-equity		All Other	Total
	Earned	based	Awards	Incentive Plan	Pension	Compensation	
	(A\$)	Awards	(A\$)	Compensation	Value	(A\$)	(A\$)
Bill Clough	40,000	NIL	NIL	NIL	NIL	NIL	40,000
Craig Burton <sup>(2)</sup>	NIL	NIL	NIL	NIL	NIL	200,000	200,000
Nicholas Sheard	40,000	NIL	NIL	NIL	NIL	NIL	40,000
Joseph Hamilton	40,000	NIL	NIL	NIL	NIL	NIL	40,000
Colin Steyn	12,500	NIL	NIL	NIL	NIL	NIL	12,500

Note:

(1) Information on Mr Purdy's compensation for his activities as a Director is disclosed in the Summary Compensation Table.

(2) Compensation for Mr Burton was paid to a related entity, Verona Capital Pty Ltd.

### Narrative Discussion

During the most recently completed financial year, each Non-Executive Director received A\$40,000 for their services as Directors, with the exception of Mr Steyn, who received \$12,500 as prorated compensation for his services as a Director. Total aggregate remuneration payable to non-executive Directors may not exceed \$300,000 per annum. Non-executive directors' base fees are currently \$70,000 per annum and \$5,000 per committee. Generally, directors of the Company do not receive additional amounts for committee participation or special assignments, however should the non-executive directors provide services in excess of those expected of such a position, the Company will provide reasonable remuneration for those services. There are no other arrangements under which directors were compensated for their services as directors except that during the financial period ended December 31 2009, Mr Burton was paid A\$200,000 for services provided, such as strategic advice including funding, assisting with investor relations and general operational issues.

## Incentive Plan Awards

### *Outstanding share-based awards and option-based awards*

The following table discloses the individual outstanding share-based awards and option-based awards outstanding at the end of the most recently completed financial year (including awards granted before the most recently completed financial year) to each director of the Company.

Director	Option-Based Awards				Share-Based Awards	
	Number of Securities underlying unexercised option (#)	Option exercise price (A\$)	Option expiration date (date)	Value of unexercised in-the-money options (A\$)	Number of share or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (A\$)
Bill Clough	NIL	NIL	NIL	NIL	NIL	NIL
Craig Burton	600,000 <sup>(1)</sup>	5.60	Feb 23, 2011	NIL	NIL	NIL
Nicholas Sheard	150,000 <sup>(2)</sup>	6.20	Sep 7, 2011	NIL	NIL	NIL
Joseph Hamilton	150,000 <sup>(2)</sup>	6.20	Sep 7, 2011	NIL	NIL	NIL
Colin Steyn	NIL	NIL	NIL	NIL	NIL	NIL

Note: All options are exercisable for fully paid ordinary shares in the capital of the Company.

(1) Grant date – 9 August 2007. Options vested upon two years of service.

(2) Grant date – 30 November 2007. Options vested upon two years of service.

### *Incentive plan awards – value vested or earned during the year*

No incentive plan awards vested or were earned by Directors during the most recently completed financial year.

## 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 Mr. Purdy's interest in Resolution 2, 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, the proposed nominee for election as a director of the Company, 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](http://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](http://asx.com.au) or at [sedar.com](http://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: 12 August 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 of ore per annum;

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

"**Offer**" means a written offer from the Company to an eligible participant to participate in the Plan;

"**Options**" means an option to acquire a Share;

"**Performance Right**" means a right to acquire a Share, vesting upon the satisfaction of certain performance conditions and expiration of the vesting period, and has the terms as specified in the Explanatory Memorandum;

"**Plan**" means the Mirabela Nickel Limited Performance Rights Plan;

"**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;

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

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

"**VWAP**" means the volume weighted average price of Shares as traded on the ASX or in respect of the TSX, as defined by the TSX Company Manual.



# 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 13 September 2010 at 11.00 a.m. (Perth time) or any adjournment thereof (the "Meeting").

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

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

AND  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	Adoption of Mirabela Nickel Limited Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Issue of Performance Rights to Mr Ian Purdy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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 11 September 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 11 September 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 11 September 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.