



MIRABELA NICKEL LTD

ABN 23 108 161 593

Notice of Meeting

AND

Explanatory Memorandum

AND

Management Information Circular

in respect of the

Annual General Meeting of Shareholders

**to be held at 9:00am (Perth Time) on Thursday 30 May 2013
at Level 31, Allendale Square, 77 St Georges Terrace, Perth, Western Australia**

As at and dated 26 April 2013

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.

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Notice of Meeting

NOTICE IS GIVEN that the annual general meeting (**Meeting**) of holders of ordinary shares (**Shareholders**) of Mirabela Nickel Limited ABN 23 108 161 593 (**Company**) will be held at Level 31 Allendale Square, 77 St Georges Terrace, Perth 6000, Western Australia on **Thursday 30 May 2013 at 9:00 am (Perth time)** for the purpose of transacting the following business.

Please refer to the Glossary of Terms for definitions of capitalised terms not separately defined within the body of this Notice and Explanatory Memorandum.

1. Annual Financial Report

To receive the Company's Annual Financial Report for 2012, comprising audited consolidated financial statements of the Company, the Directors' report and the Auditor's report for the financial year ended 31 December 2012.

2. Resolution 1 – Adoption of Remuneration Report (non-binding)

To consider and, if thought fit, to pass the following resolution as a **non-binding resolution** in accordance with section 250R(2) of the *Corporations Act 2001 (Cth)* (**Corporations Act**):

"That the Remuneration Report for the financial year ended 31 December 2012, as set out in the 2012 Annual Report of the Company, be adopted."

3. Resolution 2 – Spill Resolution (if required)

If 25% or more of the votes that are cast on Resolution 1 are voted against the adoption of the Remuneration Report, to consider and, if thought fit, to pass the following resolution as an **ordinary resolution** (a 'spill resolution') in accordance with section 250V of the *Corporations Act*:

"That:

- (a) an extraordinary meeting of shareholders ('spill meeting') be held within 90 days of this Meeting;*
- (b) all the Directors (other than the Managing Director) who were in office when the Directors' resolution to make the Remuneration Report for the year ended 31 December 2012 considered at this Meeting was passed, cease to hold office immediately before the end of the spill meeting; and*
- (c) resolutions to appoint persons to offices that will be vacated immediately before the end of the spill meeting be put to the vote at the spill meeting."*

4. Resolution 3 – Election of Mr Peter Bruce Nicholson as a Director

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

"That Mr Peter Bruce Nicholson, who retires in accordance with Rule 7.3(g) of the Constitution and being eligible, offers himself for election, is elected as a Director in accordance with Rule 7.3(g) of the Constitution."

5. Resolution 4 – Re-election of Mr Stuart Nicholas Sheard as a Director

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

"That Mr Stuart Nicholas Sheard, who retires by rotation in accordance with Rule 7.3(a) of the Constitution and being eligible, offers himself for re-election, is re-elected as a Director in accordance with Rule 7.3(d) of the Constitution."

6. Resolution 5 – Adoption of 2013 Mirabela Nickel Limited Long Term Incentive Plan

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

*"That for the purposes of Listing Rule 7.2 (Exception 9(b)), section 613 of the TSX Company Manual, and for all other purposes, the Company adopt the employee incentive scheme to be known as the "2013 Mirabela Nickel Limited Long Term Incentive Plan" (**New Plan**), a summary of which is set out in the Explanatory Memorandum*

accompanying this Notice, and the grant of Performance Rights and the issue of securities under the New Plan, be approved as an exception to Listing Rule 7.1 until 30 May 2015."

7. Resolution 6 – Approval to Grant Performance Rights to a Director – Mr Ian Frank Purdy

Subject to Resolution 5 being approved, to consider and, if thought fit, to pass the following as an **ordinary resolution**:

"That for the purposes of Chapter 2E of the Corporations Act, Listing Rule 10.14, section 613 of the TSX Company Manual, and for all other purposes, the grant of up to 1,772,854 Performance Rights under the "2013 Mirabela Nickel Limited Long Term Incentive Plan" to the Managing Director and Chief Executive Officer of the Company, Mr Ian Frank Purdy, on the terms set out in the Explanatory Memorandum accompanying this Notice, be and is approved."

8. Resolutions 7(a), 7(b) and 7(c) – Approval of Termination Benefit Provisions for Executives

To consider and, if thought fit, to pass the following resolutions as separate **ordinary resolutions**:

- (a) *"That for the purposes of sections 200B and 200E of the Corporations Act and for all other purposes, approval be given for the Company to provide the termination benefits to its Managing Director and Chief Executive Officer, Mr Ian Frank Purdy, in connection with Mr Purdy ceasing to hold management or executive office with the Company or a Related Body Corporate of the Company, on the terms set out in the Explanatory Memorandum accompanying this Notice."*
- (b) *"That for the purposes of sections 200B and 200E of the Corporations Act and for all other purposes, approval be given for the Company to provide the termination benefits to its Chief Operations Officer, Mr Anthony Peter Kocken, in connection with Mr Kocken ceasing to hold management or executive office with the Company or a Related Body Corporate of the Company, on the terms set out in the Explanatory Memorandum accompanying this Notice."*
- (c) *"That for the purposes of sections 200B and 200E of the Corporations Act and for all other purposes, approval be given for the Company to provide the termination benefits to its Chief Financial Officer, Mr Christiaan Philippus Els, in connection with Mr Els ceasing to hold management or executive office with the Company or a Related Body Corporate of the Company, on the terms set out in the Explanatory Memorandum accompanying this Notice."*

9. Resolution 8 – Amendment to Constitution for Annual Re-election of Directors

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

"That for the purposes of section 136 (2) of the Corporations Act and for all other purposes, the provisions set out in Schedule 2 to the Explanatory Memorandum accompanying this Notice be inserted as a new Rule 7.3A in the Constitution with immediate effect."

10. Resolution 9 – Amendment to Constitution for Proportional Takeovers

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

"That for the purposes of sections 136(2) and 648G of the Corporations Act and for all other purposes, the proportional takeover bid provisions set out in Schedule 3 of the Constitution, that ceased to have effect on or about 4 March 2007 in accordance with section 648G(1)(a) of the Corporations Act and item 1.4 of Schedule 3 of the Constitution, be re-instated into the Constitution in the form set out in Schedule 3 to the Explanatory Memorandum accompanying this Notice with immediate effect."

By Order of the Board of Directors



Mr Christiaan Philippus Els
Company Secretary
Dated: 26 April 2013

Voting Prohibitions and Exclusions

Corporations Act Voting Prohibitions

In accordance with section 250R of the Corporations Act, a vote on Resolutions 1 and 2 must not be cast by, or on behalf of, a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member. However, a vote may be cast by such person if:

- (a) the person is acting as proxy and the proxy form specifies how the proxy is to vote, and the vote is not cast on behalf of a person who is otherwise excluded from voting on Resolutions 1 or 2 as described above; or
- (b) the person is the chairman of the Meeting voting an undirected proxy which expressly authorises the chairman of the Meeting to vote the proxy on a resolution connected with the remuneration of a member of the Key Management Personnel.

A person appointed as a proxy must not vote, on the basis of that appointment, on Resolutions 6, 7(a), 7(b) and/or 7(c) if the proxy is either a member of the Key Management Personnel or a Closely Related Party of such a member, and the appointment does not specify the way the proxy is to vote on the relevant Resolution. However, such prohibition does not apply if the proxy is the chairman of the Meeting and the appointment expressly authorises the chairman to exercise the proxy even though the relevant Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Listing Rule Voting Exclusions

In accordance with Listing Rule 14.11, the Company will disregard votes cast:

- on Resolution 5 – by a Director (except a Director who is ineligible to participate in any employee incentive plan in relation to the Company) and an associate of a Director (except an associate of a Director who is ineligible to participate in any employee incentive plan in relation to the Company);
- on Resolution 6 and 7(a) – by Mr Ian Purdy and any of his associates;
- on Resolution 7(b) – by Mr Anthony Kocken and any of his associates; and
- on Resolution 7(c) – by Mr Christiaan Els and any of his associates.

However, the Company need not disregard a vote if:

- (a) 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
- (b) it is cast by the chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Proxy Appointment and Voting Information

Lodgement of a Proxy Form

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

- (a) in respect of Shareholders registered on the Company's Australian share register, prior to **9:00 a.m. (Perth time)** on **28 May 2013** by mail to Advanced Share Registry Ltd, PO Box 1156, Nedlands, Western Australia, 6909; or delivered to Advanced Share Registry Limited, 150 Stirling Highway, Nedlands, Western Australia or by facsimile to Advanced Share Registry Limited at +61 8 9389-7871.
- (b) in respect of Shareholders registered on the Company's Canadian register, not later than **48 hours prior to the Meeting** by mail to Equity Financial 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 or voting instructions form in accordance with the instructions provided to you, by your broker, or by another intermediary.

Appointment of a Proxy

A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy. The proxy may, but need not be, a Shareholder of the Company.

If you wish to appoint the chairman of the Meeting as your proxy, mark the box in the Proxy Form. If the person you wish to appoint as your proxy is someone other than the chairman of the Meeting, please write the name of that person in the appropriate box in the Proxy Form. If you leave this section blank, or your named proxy does not attend the Meeting, the chairman of the Meeting will be your proxy.

If a Proxy Form is returned but the nominated proxy does not attend the Meeting, the chairman of the Meeting will act in place of the nominated proxy and will vote in accordance with any instructions on the Proxy Form. Proxy appointments in favour of the chairman of the Meeting, the Company Secretary or any Director that do not contain a direction how to vote will be used where possible to support each of the Resolutions proposed in this Notice except for Resolution 2. If Resolution 2 is required, the chairman intends to vote undirected proxies against that Resolution.

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company on +61 8 9324-1177 or you may photocopy the Proxy Form.

To appoint a second proxy you must on each Proxy Form state (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If both Proxy Forms do not specify that percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

Corporate Shareholders

Corporate Shareholders should comply with the execution requirements set out on the proxy form or otherwise with the provisions of section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:

- 2 directors of the company; or
- a director and a company secretary of the company; or
- for a proprietary company that has a sole director who is also the sole company secretary, that director.

Votes on Resolutions

You may direct your proxy how to vote on a Resolution by placing a mark in one of the boxes opposite the Resolution. All your shareholding will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on the Resolutions by inserting the percentage or number of Shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the Resolutions, your proxy may vote as he or she chooses. If you mark more than one box on a Resolution your vote on the Resolution will be invalid.

Voting Entitlement (Snapshot Date)

For the purposes of determining voting and attendance entitlements at the Meeting, Shares will be taken to be held by the persons who are registered as holding the Shares at **5:00pm (Perth time) on Tuesday, 28 May 2013**. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Corporate Representatives

A corporation may elect to appoint an individual to act as its representative in accordance with section 250D of the Corporations Act, in which case the Company will require a certificate of appointment of the corporate representative executed in accordance with the Corporations Act. The certificate of appointment must be lodged with the Company and/or the Company's share registry, Advanced Share Registry Limited, before the Meeting or at the registration desk on the day of the Meeting.

Explanatory Memorandum

This Explanatory Memorandum is being furnished to Shareholders in connection with the solicitation of proxies by the management of Mirabela Nickel Limited (ABN 23 108 161 593) (**Company**) for use at the Annual General Meeting of the holders of ordinary shares (**Shares**) of the Company (**Shareholders**) to be held at **9:00 a.m. (Perth time) on 30 May 2013 (Meeting)**, and any adjournment of that Meeting, at the place and for the purposes set forth in the accompanying Notice of Meeting (**Notice**).

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the matters set forth in the Notice attached to this Explanatory Memorandum 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.

1. Annual Financial Report

The Company's Annual Financial Report for 2012, comprising audited financial statements, Directors' report and Auditor's report for the financial year ended 31 December 2012, have been mailed to the Shareholders, together with this Explanatory Memorandum. The Company's financial statements are also available on its website (www.mirabela.com.au), on the ASX website (www.asx.com.au) and on SEDAR (www.sedar.com).

There is no requirement for the Shareholders to approve these reports.

The chairman of the Meeting will allow a reasonable opportunity for Shareholders to ask questions or make comments about the financial statements, Directors' report and Auditor's report. In accordance with section 250T of the Corporations Act, the chairman of the Meeting will also provide Shareholders a reasonable opportunity to ask the Auditor questions relevant to:

- the conduct of the audit;
- the preparation and content of the independent audit report;
- the accounting policies adopted by the Company in relation to the preparation of accounts; and
- the independence of the Auditor in relation to the conduct of the audit.

2. Resolution 1 - Adoption of Remuneration Report (Non-Binding)

Pursuant to sections 249L(2) and 250R(2) of the Corporations Act, the Company submits to Shareholders for consideration and adoption, by way of a non-binding resolution, its remuneration report for the year ended 31 December 2012 (**Remuneration Report**). The Remuneration Report is a distinct section of the annual Directors' report (**Directors' Report**) which deals with the remuneration of Directors and executives of the Company. More particularly, the Remuneration Report can be found attached in Schedule 1 to this Notice and within the Directors' Report in the Company's 2012 annual report for the twelve months ended 31 December 2012 (**2012 Annual Report**).

By way of summary, the Remuneration Report:

- (a) explains the Company's remuneration policy and the process for determining the remuneration of its Directors and executive officers;
- (b) addresses the relationship between the Company's remuneration policy and the Company's performance; and
- (c) sets out the remuneration details for each Director and executive officer named in the Remuneration Report for the financial year ended 31 December 2012.

Section 250R(3) of the Corporations Act provides that Resolution 1 is advisory only and does not bind the Company. Accordingly, failure to pass Resolution 1 will not require the Directors to alter any

arrangements mentioned in the Remuneration Report. However, sections 250U and 250V of the Corporations Act give Shareholders the opportunity to remove the Board if the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings (**Two Strikes Rule**).

Under the Two Strikes Rule, where a resolution on the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second Annual General Meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the Managing Director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election ('spill resolution'). The Remuneration Report for the twelve months ended 31 December 2011 received a 'no' vote of more than 25% at the Company's last annual general meeting held on 15 May 2012. Accordingly, another 'no' vote at this Meeting will require Shareholders to consider a spill resolution (refer to Resolution 2 below).

The chairman of the Meeting will cast all available undirected proxies in favour of Resolution 1 where expressly authorised by the Proxy Form to do so.

Directors' Recommendation

As the Directors have a material personal interest in the outcome of Resolution 1, the Directors do not make any recommendation to Shareholders as to how the Shareholders should vote in respect of Resolution 1.

3. Resolution 2 – Spill Resolution (if required)

At the Company's last annual general meeting, more than 25% of the votes cast in respect of the non-binding resolution to adopt the 2011 Remuneration Report were against the resolution. If at this Meeting 25% or more of votes cast are against the adoption of the Remuneration Report under Resolution 1, Shareholders will be required to vote on Resolution 2 (known as a 'spill resolution') on whether another general meeting of the Company (known as a 'spill meeting') should be convened at which all of the Company's Directors (other than the Managing Director) must stand for re-election should they wish to continue as Directors.

Directors' Recommendation

As the Directors have a material personal interest in the outcome of Resolution 2, the Directors do not make any recommendation to Shareholders as to how the Shareholders should vote in respect of Resolution 2.

4. Resolution 3 – Election of Mr Peter Bruce Nicholson as a Director

Background

Mr Peter Bruce Nicholson was appointed by the Board as a non-executive Director of Mirabela on 12 June 2012. Pursuant to Rule 7.3(g) of the Constitution, as a Board appointee, Mr Nicholson must retire from the office as of the Meeting and is eligible for election. Being eligible, Mr Nicholson offers himself for election at the Meeting.

Biography

Mr Peter Bruce Nicholson – B.Eng (Mining) – Fellow FINSIA - Non-executive Director

Mr Nicholson, a fellow of the Financial Services Industry of Australasia and Member of the Australasian Institute of Mining & Metallurgy, has a strong commercial and technical background, developed over the last ten years with Resource Capital Funds (**RCF**), and prior to that, in senior technical roles within the nickel mining industry. He is currently a non-executive director of Cape Alumina Ltd and a partner

of RCF, a mining focused private equity fund which recently acquired a substantial holding in Mirabela through Resource Capital Fund V L.P.

Mr Nicholson is also currently a member of the Remuneration and Nomination Committee of the Board.

Directors' Recommendation

Other than Mr Nicholson who has a material personal interest in the outcome of Resolution 3, the Directors unanimously recommend that the Shareholders vote in favour of Resolution 3.

5. Resolution 4 – Re-election of Mr Stuart Nicholas Sheard as a Director

Background

Pursuant to Rule 7.3(a) of the Constitution, Mr Stuart Nicholas Sheard must retire by rotation from the office as of the Meeting. However, being eligible, Mr Sheard offers himself for re-election pursuant to Rule 7.3(d) of the Constitution.

Biography

Mr Stuart Nicholas Sheard – Fellow AIG, ASEG, RP.Geo - Non-executive Director

Mr Sheard has a long history of involvement in nickel sulphide exploration and development. Up until 2007 Mr Sheard was the Vice President of Exploration of Inco, based in Toronto. Mr Sheard managed an exploration team of 250 people with nine offices and eleven mines worldwide. Under Mr Sheard's leadership, the Inco team discovered the Reid Brook nickel sulphide deposit in Labrador, Canada. Prior to joining Inco, Mr Sheard held various senior management positions with MIM Exploration Pty Ltd in Australia from 1990 to 2003, including General Manager of Worldwide Exploration and Chief Geophysicist. Mr Sheard is also Executive Chairman of Carpentaria Exploration Limited which has discovered a large magnetite resource in NSW.

Mr Sheard has been a Non-executive Director of Mirabela since 20 March 2007 and is currently a member of the Audit Committee.

Directors' Recommendation

Other than Mr Sheard who has a material personal interest in the outcome of Resolution 4, the Directors unanimously recommend that the Shareholders vote in favour of Resolution 4.

6. Resolution 5 – Adoption of 2013 Mirabela Nickel Limited Long Term Incentive Plan

Overview

In response to feedback from major Shareholders, proxy advisors and the Board's remuneration advisors, Egan Associates, the Board has decided to suspend the Mirabela Nickel Limited Performance Rights Plan (**Current Plan**), which was approved by Shareholders at the Company's general meeting held on 13 September 2010, and recommend a new plan, the 2013 Mirabela Nickel Limited Long Term Incentive Plan (**New Plan**).

The 2013 New Plan provides for the grant of Performance Rights which, upon a determination by the Board that the performance conditions attached to those Performance Rights have been satisfied (in whole or in part) and subject to the terms of the New Plan, the number of Performance Rights which have satisfied the performance conditions will convert into Performance Based Shares.

ASX Requirements

Shareholder approval is sought pursuant to Listing Rule 7.2 (Exception 9(b)) for the New Plan to be adopted and for securities issued or granted (as the case may be) under the New Plan to be exempted

from Listing Rule 7.1 for three years from the date of the Meeting.

Listing Rule 7.1 provides that, unless an exception applies, 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. Listing Rule 7.2 (Exception 9(b)) provides an exception for three years where the holders of ordinary securities have approved the issue of securities under an employee incentive scheme as an exception to the restriction in Listing Rule 7.1.

TSX Requirements

Pursuant to the rules of the TSX, Shareholders must approve the New Plan and all unallocated Performance Rights issuable pursuant to the New Plan on implementation and every 3 years. However, under section 602(g) of the TSX Company Manual, the TSX will not apply its standards regarding security based compensation arrangements, such as the New Plan, where at least 75% of the trading value and volume over the six months immediately preceding notification occurs on the ASX. The Company's ordinary share trading meets this requirement and, accordingly, the Company has notified the TSX regarding the implementation of the New Plan and its reliance on the section 602(g) exemption.

Reasons for the New Plan

Carefully designed, performance-linked, equity plans are widely considered to be very effective in providing long-term incentives to employees while aligning potential incentive outcomes with the interests of Shareholders. They are also recognised as being an effective means of attracting and retaining employees 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 'at risk' basis. To achieve the Company's corporate objectives, the Company must attract and retain high-calibre, experienced employees capable of building a world class producing asset.

The Board considers that the grant of Performance Rights under the New Plan to Eligible Persons (**Participants**) will underpin the Company's employment strategy, and will:

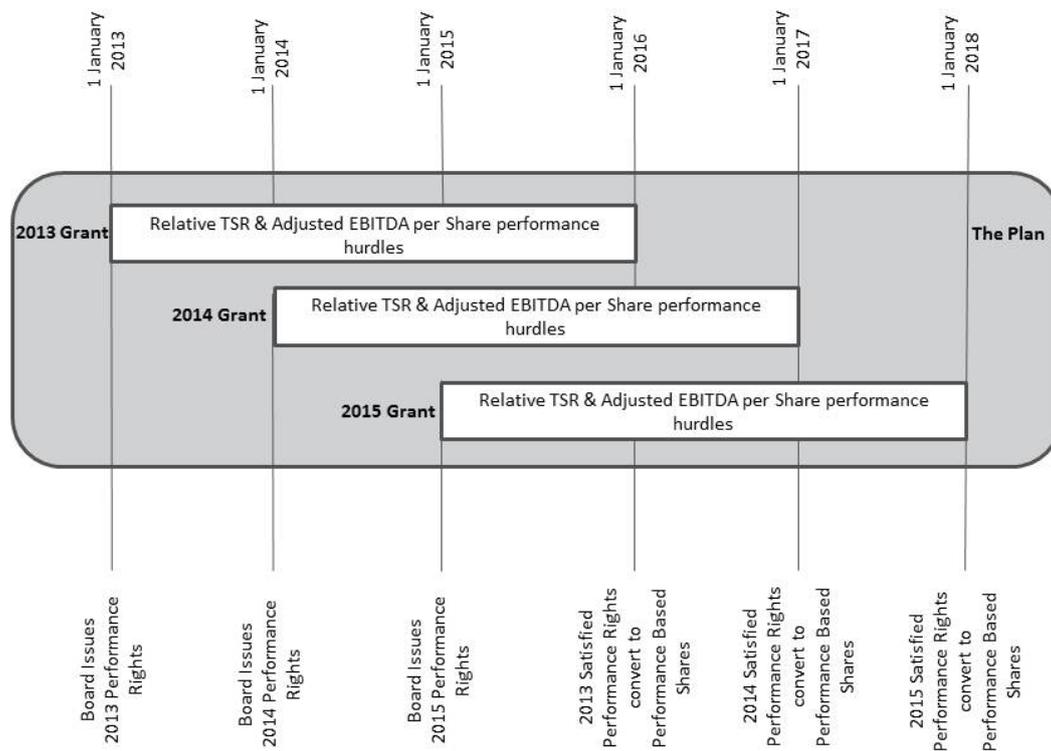
- (a) maximise the retention of members of the current management team and other key operational employees;
- (b) enable the Company to attract quality employees in the future;
- (c) better link the reward of key employees with the achievements of strategic goals and the long term performance objectives of the Company; and
- (d) provide incentives to Participants to focus on superior performance that creates Shareholder value.

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

Summary of How the New Plan Works

The New Plan is made up of annual grants of Performance Rights to Participants, with each grant subject to the achievement of specified performance conditions over a three year performance period (Figure 1). If approved by Shareholders, the first performance period commences on 1 January 2013 and concludes on 31 December 2015.

Figure 1: Performance periods under the New Plan.



Performance Rights will be offered to Eligible Persons annually according to the formula defined below. The Performance Rights granted will be subject to achieving the performance conditions set by the Board at the commencement of each three year performance period (Figure 1). For each grant of Performance Rights, the performance conditions will comprise two separate components, being:

- (a) 50% of the Performance Rights subject to the Company's relative total shareholder return performance (**RTSR**); and
- (b) 50% of the Performance Rights subject to the Company's Adjusted EBITDA per Share performance over the performance period.

The RTSR milestone will measure the return on investment in the Shares (capital growth together with income returned to Shareholders) against that of a selected group of peer companies listed on ASX and TSX.

The Adjusted EBITDA per Share milestone will measure the Company's total Adjusted EBITDA per Share over each three year performance period against target and stretch performance hurdles set by the Board at the commencement of each performance period.

Within three months of the end of each performance period the Board will review whether the performance conditions have been satisfied, or partially satisfied. Performance Rights will be cancelled to the extent the relevant performance conditions have not been satisfied.

Rules and Terms and Conditions of the New Plan

The full rules of the New Plan are attached to this Explanatory Memorandum as Annexure A.

Summary of 2013 Grant Terms and Conditions

(a) *Initial Participants*

It is anticipated that only the Managing Director, persons reporting to him directly and other key management employees will be granted Performance Rights in 2013 (*Initial Participants*). Non-executive Directors of the Company will not participate in the New Plan.

(b) *Performance Conditions*

The Board has agreed that the grant of Performance Rights under the New Plan to the Initial Participants will be determined as follows:

- each of the Initial Participants will be assigned a fixed maximum incentive percentage (*Maximum Incentive*) and will be granted Performance Rights based on that percentage of their total fixed remuneration (consisting of the sum of their base salary plus superannuation) (*TFR*) at the beginning of the performance period. The number of Performance Rights granted under the first grant will be calculated as follows:

$$PR = TFR \times \frac{\text{the Maximum Incentive}}{\text{Share price}}$$

where:

PR = the number of Performance Rights; and

Share price = the 20 day average of VWAPs immediately before the commencement of the relevant performance period.

- it is intended that the Maximum Incentive will be 30% for managers, 50% for executives and 100% for the Managing Director/CEO of TFR, escalating with the seniority of the Initial Participant;
- the Performance Rights granted to the Initial Participants will be subject to certain performance conditions relating to the relevant performance period;
- each performance period will be for three years with the first between 1 January 2013 to 31 December 2015;
- the following performance conditions will apply:

Relative Total Shareholder Return (RTSR) milestone (50% weighting)

Company's TSR relative to the TSR of the Comparator Group over the performance period	Percentage of Performance Rights Allocated
Less than the 50th Percentile	Nil
50th percentile	25%
Greater than the 50th percentile but less than the 75th percentile	Pro-rata straight-line between 25% and 50%
Greater than or equal to the 75th percentile	50%

Adjusted EBITDA per Share milestone (50% weighting)

Total Company's Adjusted EBITDA per Share over the performance period	Percentage of Performance Rights Allocated
Less than Target	Nil
Target	25%
Greater than Target but less than Stretch	Pro-rata straight-line between 25% and 50%
Greater than or equal to Stretch	50%

- the Board will assess satisfaction of the performance conditions in accordance with the New Plan.

The Performance Rights to be granted to the Initial Participants will otherwise be subject to the rules and terms and conditions of the New Plan set out in Annexure A.

(c) **Dilution**

If the Board grants the maximum possible number of Performance Rights to all proposed Initial Participants under the first grant of the New Plan and all relevant performance conditions are satisfied, at the end of the three year performance period all such Performance Rights would convert to Performance Based Shares. This would result in the issue of approximately 4,875,925 Shares, a dilution of approximately 0.56% of the current issued capital of the Company (assuming no other Shares are issued during that period).

Specific Information Required by Listing Rule 7.2

In accordance with the requirements of Listing Rule 7.2 Exception 9(b), the following additional information is provided in respect of the New Plan:

- the material terms of the New Plan are summarised above;
- this is the first time approval has been sought under Listing Rule 7.2 Exception 9(b) with respect to the New Plan;
- as at the date of this Notice, securities have not been issued or granted (as the case may be) under the New Plan; and
- a voting exclusion statement has been included for the purposes of the Notice.

Specific Information Required by Section 613 of the TSX Company Manual

Section 613 of the TSX Company Manual requires that, in addition to the information set out elsewhere in this Explanatory Memorandum, Shareholders be provided with the following information in respect of the New Plan:

- the maximum number of Performance Rights issuable under the New Plan will not be more than 5% of the Company's current outstanding share capital. It is anticipated that the number of Performance Rights (and corresponding Performance Based Shares) to be granted under the New Plan will be considerably lower; and
- the Company has not provided, and will not provide, any financial assistance in respect of conversion of any satisfied Performance Rights into Performance Based Shares.

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

The Company is including the information under this heading notwithstanding its reliance on the exemption in section 602(g) of the TSX Company Manual.

Directors' Recommendation

Other than Mr Ian Purdy who has a material personal interest in the outcome of Resolution 5, the Directors unanimously recommend that the Shareholders vote in favour of Resolution 5 for the reasons set out above.

7. Resolution 6 – Approval to Grant Performance Rights to a Director – Mr Ian Frank Purdy

Background

Resolution 6 seeks Shareholder approval under Chapter 2E (Related Party Transactions) of the Corporations Act and Listing Rule 10.14 to grant 1,772,854 Performance Rights for 2013 to the Company's Managing Director and CEO, Mr Ian Frank Purdy, pursuant to the New Plan. Separate approval in respect of each annual grant for Mr Purdy's participation in the New Plan is required as he is a Director. Resolution 6 is subject to Shareholders approving the New Plan under Resolution 5.

The number of 2013 Performance Rights to be granted to Mr Purdy was calculated as follows:

$$\text{Number of Offered Performance Rights} = \text{TFR} \times \text{Maximum Incentive} \div \text{VWAP Share Price}$$

Where:

TFR means: total fixed remuneration (consisting of the sum of his annual fixed salary plus superannuation) payable at the beginning of the 2013 – 2015 Performance Period when Performance Rights are offered.

Maximum Incentive means: maximum incentive percentage fixed by the Board.

VWAP Share price means the volume weighted average price based on the 20 trading days immediately prior to 1 January 2013, which is calculated as \$0.46158217.

$$\text{Number of Offered Performance Rights} = 818,318 \times 100\% \div 0.46158217$$

$$\text{Number of Offered Performance Rights} = 1,772,854$$

If the performance conditions attaching to Mr Purdy's Performance Rights are not satisfied or Mr Purdy resigns or is terminated by the Company for serious misconduct prior to these conditions being satisfied, the Performance Rights will cancel.

The conditions attaching to the Performance Rights to be granted under Resolution 6 are made in response to specific feedback from Shareholders at and following the last Annual General Meeting of Shareholders held on 15 May 2012 (which contributed to the proposed introduction of the New Plan).

Section 208 of the Corporations Act

Reason for Approval

Section 208 of the Corporations Act states that a public company cannot provide a "financial benefit" (including an issue of securities) to a "related party" of the Company unless one of the exceptions set out in section 210 to 216 of the Corporations Act apply, or the holders of ordinary securities have approved the giving of the financial benefit to the related party at a general meeting.

Mr Purdy is a related party of the Company within the meaning set out in section 228 of the Corporations Act.

Information for Shareholders

The following information is provided in accordance with section 219 of the Corporations Act to enable Shareholders to assess the merits of Resolution 6:

(a) *Related party*

Mr Purdy is a related party of the Company.

(b) *Nature of the financial benefit*

The nature of the financial benefit to be provided is the proposed grant of 1,772,854 Performance Rights in 2013 to Mr Purdy under the New Plan. Each satisfied Performance Right will entitle Mr Purdy to be issued a Performance Based Share upon satisfaction of specific performance conditions.

(c) *Value of Performance Rights*

The value of the Performance Rights has been assessed by an independent consultant. The valuation of Performance Rights with market-based vesting conditions has been performed using Monte Carlo pricing model and the value of Performance Rights with non-market based vesting conditions has been performed using a binomial option-pricing model.

The values attributable are based on variables determined at the date of valuation and are indicative only.

The input variables applied in the valuation models for the purposes of the indicative value are as follows:

<i>Input variable:</i>	RTSR Milestone 50% weighting	EBITDA Milestone 50% weighting
Indicative date	10-Apr-13	10-Apr-13
Underlying Share price ⁽¹⁾	\$0.265	\$0.265
Exercise price	\$0.00	\$0.00
Measurement date	31-Dec-15	31-Dec-15
Vesting date	1-Mar-16	1-Mar-16
Life of Performance Rights	2.73 years	2.73 years
Risk free rate	2.80%	2.80%
Volatility	N/A	60%
Expected dividend yield	0.00%	0.00%
Assessed value per Performance Right	\$0.0973	\$0.265
Number of Performance Rights	886,427	886,427
Estimated value ⁽²⁾	\$86,249	\$234,903

(1) Being the closing price of Shares on 9 April 2013.

(2) Before discount for performance probabilities.

(d) *Current remuneration and interests*

As at the date of this Notice:

- (i) Mr Purdy's annual remuneration is A\$818,317.50 per annum, comprising of a base salary of A\$793,317.50 and statutory superannuation contributions equal to A\$25,000;
- (ii) Mr Purdy has a relevant interest in 71,369 Shares;
- (iii) Mr Purdy has a relevant interest in 121,985 Performance Rights granted in 2012 under the Current Plan which are in holding lock until 31 December 2013; and
- (iv) 542,156 Performance Rights previously granted to Mr Purdy under the Current Plan will be cancelled.

(e) *Dilution*

If Mr Purdy satisfies the performance conditions and receives all the Performance Rights under Resolution 6, assuming that no other Shares were issued by the Company (including Shares pursuant to the exercise of existing Options and pursuant to other Performance Rights), the shareholding of existing Shareholders would, based on the current issued capital of the Company (being 876,765,094 as at the date of this Notice), be diluted by approximately 0.2%.

(f) *Trading history*

As at 22 April 2013, the Company's Share price was A\$0.185.

The highest closing price for the Company Shares traded on ASX in the preceding six months was A\$0.58 on 9 January 2013 and the lowest closing was A\$0.185 on 22 April 2013.

(g) *Funds raised*

The Company will not raise any funds from the grant of the Performance Rights under Resolution 6. These Performance Rights are being granted as a long-term performance incentive to Mr Purdy as Managing Director and CEO of the Company.

(h) *Directors' interests in the proposed resolution*

Mr Purdy has a material personal interest in the outcome of Resolution 6 and will be the only Director receiving a benefit from the grant of the Performance Rights.

Other than Mr Purdy, none of the other Directors have a material interest in the outcome of Resolution 6.

(i) *Any other information that is reasonably required by the members to make a decision and that is known to the Company or any of its Directors*

Other than as set out in this Explanatory Memorandum, the Directors do not consider there is any further information which the Shareholders would reasonably require in order to decide whether or not it is in the Company's best interests to pass Resolution 6.

(j) *Directors' recommendations or reason for declining to make recommendations*

The Directors', excluding Mr Purdy, recommends the approval of Resolution 6.

Listing Rule 10.14

(a) *Overview*

Listing Rule 10.14 generally provides that the approval of shareholders is required before a director of a company can acquire securities issued under an employee incentive scheme. Accordingly, in order for a Director to acquire a beneficial interest in the Performance Rights and

any subsequent Shares, the Company must first obtain Shareholder approval pursuant to Listing Rule 10.14.

As outlined above, Mr Purdy is a Director of the Company.

(b) *Information required by Listing Rules*

The following information is provided in accordance with Listing Rule 10.15 to enable Shareholders to assess the merits of Resolution 6 for the purposes of Listing Rule 10.14.

- (i) The maximum number of securities that may be acquired by Mr Purdy in 2013 is 1,772,854 Performance Rights, which will entitle Mr Purdy to 1,772,854 Performance Based Shares if all of the performance conditions are satisfied.

Specifically, the performance conditions will consist of:

- 50% RTSR (calculated in the manner set out in Section 6 of this Explanatory Memorandum under the headings 'Summary of How the New Plan Works' and 'Performance Conditions'); and
 - 50% Adjusted EBITDA per Share return which will measure the Company's total Adjusted EBITDA per Share over the three year performance period against target and stretch performance hurdles set by the Board at the commencement of the performance period.
- (ii) The grant price for the Performance Rights under Resolution 6 is nil. Accordingly, funds will not be raised from the grant of the Performance Rights.
- (iii) As at the date of this Notice, the Company has not granted any Performance Rights under the New Plan.
- (iv) All Eligible Persons are entitled to participate in the New Plan.
- (v) The Company does not propose providing any loans to Mr Purdy in respect of his acquisition of Performance Rights under Resolution 6 or any other Participant under the New Plan.
- (vi) The Company anticipates granting the Performance Rights under Resolution 6 to Mr Purdy on or about 3 June 2013, subject to Shareholder approval of Resolution 6. However, the Company will not grant the Performance Rights later than 12 months from the date of the Meeting, unless ASX has granted a waiver permitting such.

8. Resolutions 7(a), 7(b) and 7(c) – Approval of Termination Provision Benefits for Executives

Background

The Company has entered into a new services agreement (**Service Agreement**) with each of the following executives in respect to their executive engagements with the Company:

- (a) Mr Ian Frank Purdy – Managing Director and CEO of the Company;
- (b) Mr Anthony Peter Kocken – Chief Operations Officer (**COO**) of the Company; and
- (c) Mr Christiaan Philippus Els – Chief Financial Officer (**CFO**) of the Company,

(collectively the **Executives**).

Resolutions 7(a), 7(b) and 7(c) seek Shareholder approval under sections 200B and 200E of the Corporations Act for termination benefits that the Company may be required to pay to each of the Executives upon the termination of their employment with the Company, including benefits under the

New Plan and under their Service Agreements with the Company. Each of these Resolutions is a separate and independent resolution.

Sections 200B and 200E of the Corporations Act

Section 200B of the Corporations Act prevents a company from giving a benefit to a director in connection with the director's retirement or removal from office unless the company's shareholders approve that benefit under section 200E or the benefit falls within certain exceptions set out in the Corporations Act. A "benefit" includes a payment or other valuable consideration.

A payment or benefit will only fall within the exceptions set out in the Corporations Act if the amount of the payment is less than a prescribed multiple of the director's remuneration and if the nature of the payment falls within one of a number of categories set out in the Corporations Act (for example, a payment by way of damages for breach of contract or a payment for past services).

The termination benefits outlined above may not technically fall within one of the statutory exemptions under the Corporations Act and accordingly the Board considers it prudent to obtain Shareholder approval for such benefits under section 200B of the Corporations Act.

Section 200E of the Corporations Act requires that, where shareholders are asked to approve a payment or other benefit to a director that would otherwise be prohibited under section 200B, shareholders must be given details of the amount of the payment or benefit, or, if the amount cannot be ascertained at the time of the disclosure, the manner in which the amount or benefit will be calculated and any matter, event or circumstances that will, or is likely to affect the calculate of the amount. The amount of any termination payment that may be made to an Executive will depend upon the Executive's remuneration (including short-term and long-term incentives) and the circumstances in which they leave office.

Remuneration and Incentive Arrangements

The table below sets out each Executive's total fixed remuneration (*TFR*), short-term incentive entitlements and long-term incentive entitlements (including under the Current Plan and the New Plan).

Executive	Total Fixed Remuneration (including annual base salary and superannuation at 9%)	Short-Term Incentives	Long-Term Incentives
Ian Purdy - Managing Director and Chief Executive Officer	A\$818,317.50	Participation in the Company's annual short-term incentive plan at 75% of TFR, in accordance with the rules and terms and conditions of the short-term incentive plan.	Participation in the Company's long-term incentive plan at 100% of TFR, in accordance with the rules and terms and conditions of the long-term incentive plan. At the date of this notice, Mr Purdy holds a relevant interest in 121,985 Performance Rights granted in 2012 under the Current Plan which remain in holding lock until 31 December 2013. 542,156 Performance Rights previously granted to Mr Purdy under the Current Plan will be cancelled. It is proposed under Resolution 6 that he be granted 1,772,854 Performance Rights in 2013 under the New Plan.

Executive	Total Fixed Remuneration (including annual base salary and superannuation at 9%)	Short-Term Incentives	Long-Term Incentives
Anthony Kocken – Chief Operations Officer	A\$476,112	Participation in the Company’s annual short-term incentive plan at 60% of TFR, in accordance with the rules and terms and conditions of the short-term incentive plan.	Participation in the Company’s long-term incentive plan at 50% of TFR, in accordance with the rules and terms and conditions of the long-term incentive plan. At the date of this Notice, Mr Kocken holds a relevant interest in 71,020 Performance Rights granted under the Current Plan which remain in holding lock until 31 December 2013. 118,366 Performance Rights previously granted to Mr Kocken under the Current Plan will be cancelled. It is proposed that he be granted 515,739 Performance Rights in 2013 under the New Plan.
Christiaan Els – Chief Financial Officer	A\$474,327	Participation in the Company’s annual short-term incentive plan at 60% of TFR, in accordance with the rules and terms and conditions of the short-term incentive plan.	Participation in the Company’s long-term incentive plan at 50% of TFR, in accordance with rules and terms and conditions of the long-term incentive plan. At the date of this Notice, Mr Els holds a relevant interest in 70,753 Performance Rights granted under the Current Plan which remain in holding lock until 31 December 2013. 117,922 Performance Rights previously granted to Mr Els under the Current Plan will be cancelled. It is proposed that he be granted 513,805 Performance Rights in 2013 under the New Plan.

Termination Provisions

The Service Agreements contain termination provisions to the following effect:

(a) *Termination by notice*

The Company may terminate an Executive’s employment at any time and for any reason by providing three months’ written notice. This includes redundancy.

Each Executive may also terminate their employment with the Company by providing three months’ written notice.

(b) *Termination for serious misconduct*

The Company may terminate an Executive's employment immediately in the case of serious misconduct, including wilful or deliberate behaviour contrary to the Service Agreement, fraud, breach of insider trading laws and refusal to carry out reasonable and lawful instructions.

(c) *Termination for material diminution in role and responsibilities of Managing Director and Chief Executive Officer*

Mr Purdy's Service Agreement provides that he may terminate his employment upon giving three months' notice at any time within 12 months of a material diminution event occurring in respect of in his position, remuneration package, responsibilities, reporting lines and/or primary place of work.

Proposed Termination Payment Provisions

Under the Services Agreements, each Executive will be entitled to be paid the following termination payments and benefits, in addition to any statutory employment entitlements, if his employment is terminated by the Company for reasons other than his serious misconduct:

- (a) a payment equal to 12 months' base salary, plus superannuation;
- (b) any entitlements accrued to under the Company's short-term incentive plan, on a pro-rata basis with:
 - (i) payment for all objectives completed under the plan up to the date of termination to be made in accordance with the rules and terms and conditions of the plan; and
 - (ii) payment for all objectives not yet completed under the plan to be made on the assumption that each incomplete objective was completed 'at target', unless the Company reasonably determines that there is no possibility of an objective reaching 'at target' by the end of the plan term, in which case no payment will be made in respect of that incomplete objective; and
- (c) any entitlements accrued to under any long-term incentive plan (including the Current Plan and the New Plan), on a pro-rata basis and subject to the rules of the relevant plan.

Set out in the table below are the relevant termination benefits payable for each of the Executives under their respective Service Agreements and the terms of the short-term and long-term incentive plans (including the New Plan), in various different termination scenarios.

Termination Event	Termination Payment (excluding statutory entitlements)	Short-Term Incentives	Long-Term Incentives
Termination by the Company by giving three months' notice for any reason	Payment of 12 months Total Fixed Remuneration.	Pro-rata entitlement to short-term incentives as discussed above.	Pro-rata entitlement to long-term incentives, subject to the rules of the relevant long-term incentive plan. The New Plan provides that after six months from the beginning of a performance period but prior to testing, a Participant will continue to be treated as a Participant under the New Plan and, therefore, remain eligible to receive pro-rata Performance Based Shares in accordance with the New Plan. The New Plan provides that during the period up until the expiry of six months from the beginning of a performance period, any Performance Rights

Termination Event	Termination Payment (excluding statutory entitlements)	Short-Term Incentives	Long-Term Incentives
Termination by the Company for redundancy	Payment of 12 months Total Fixed Remuneration.	Pro-rata entitlement to short-term incentives as discussed above	<p>held by a Participant will automatically be cancelled.</p> <p>Under the Current Plan any Performance Rights held immediately lapse, and any Performance Right Shares under holding lock immediately vest.</p> <p>Pro-rata entitlement to long-term incentives, subject to the rules of the relevant long-term incentive plan.</p> <p>The New Plan provides that after six months from the beginning of a performance period but prior to testing, a Participant will continue to be treated as a Participant under the New Plan and, therefore, remain eligible to receive pro-rata Performance Based Shares in accordance with the New Plan.</p> <p>The New Plan provides that during the period up until the expiry of six months from the beginning of a performance period, any Performance Rights held by a Participant will automatically be cancelled.</p> <p>Under the Current Plan any Performance Rights held immediately lapse, and any Performance Right Shares under holding lock immediately vest.</p>
Termination by the Company for serious misconduct	No entitlement.	No entitlement.	<p>The New Plan provides that any Performance Rights held by a Participant will automatically be cancelled.</p> <p>The Current Plan provides that all or any Performance Rights immediately lapse and any Performance Right Shares under holding lock are forfeited.</p>
Bona Fide Retirement by the Executive	No entitlement.	Pro-rata entitlement to short-term incentives as discussed above.	<p>Pro-rata entitlement to long-term incentives, subject to the rules of the relevant long-term incentive plan.</p> <p>The New Plan provides that, unless the Board determines otherwise, a Participant will continue to be treated as a Participant under the New Plan and, therefore, remain eligible to receive pro-rata Performance Based Shares in accordance with the New Plan.</p> <p>The Current Plan provides that all Performance Rights and Performance Right Shares under holding lock immediately become vested Performance Right Shares.</p>
Resignation by the Executive	No entitlement.	No entitlement.	<p>The New Plan provides that any Performance Rights held by a Participant will automatically be cancelled.</p> <p>Under the Current Plan all Performance Rights and Performance Right Shares are immediately cancelled.</p>

Termination Event	Termination Payment (excluding statutory entitlements)	Short-Term Incentives	Long-Term Incentives
Death or Permanent Disability of the Executive	No entitlement.	Pro-rata entitlement to short-term incentives as discussed above.	<p>Pro-rata entitlement to long-term incentives, subject to the rules of the relevant long-term incentive plan.</p> <p>The New Plan provides that a Participant will continue to be treated as a Participant under the New Plan and, therefore, remain eligible to receive pro-rata Performance Based Shares in accordance with the New Plan.</p> <p>The Current Plan provides that all Performance Rights and Performance Right Shares under holding lock immediately become vested Performance Right Shares.</p>

Protection of Company Interests

It is proposed that each Service Agreement will include standard provisions relating to the protection of the Company's confidential information. Further, each Executive will be required to return any Company property before the end of their employment.

It is also proposed that each Service Agreement will include restrictions on an Executive's conduct during his employment in respect of providing services or having business interests other than with the Company.

Voting Exclusion

In accordance with section 200E(2A) of the Corporations Act and Listing Rule 14.11, the Company will disregard any votes cast on:

- (a) Resolution 7(a) by Mr Purdy and any of his associates;
- (b) Resolution 7(b) by Mr Kocken and any of his associates; and
- (c) Resolution 7(c) by Mr Els and any of his associates.

However, the Company need not disregard a vote if:

- (a) 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
- (b) it is cast by the chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Directors' Recommendation

Other than Mr Purdy who declines to make any recommendation in respect of Resolution 7(a), the Directors unanimously recommend that the Shareholders vote in favour of Resolutions 7(a), 7(b) and 7(c).

9. Resolution 8 – Amendment to Constitution for Annual Re-election of Directors

Background

As of 31 December 2012, the TSX introduced new requirements for annual elections of directors of TSX listed entities. Section 461.1 of the TSX Company Manual requires that at each Annual General

Meeting, all directors of a TSX listed entity must stand for re-election and all shareholders must be permitted to vote on the election of all directors.

The Constitution currently provides for the ASX requirement, being a rotation of one third of the Directors (being the longest standing Directors) at each Annual General Meeting. The implementation of the TSX requirements (if approved by Shareholders) will ensure that the Company more than complies with the ASX requirement.

Accordingly, as the Company is also listed on the TSX, its Constitution will require amendment to accord with section 461.1 of the TSX Company Manual.

Proposed Amendment

Resolution 8 proposes an amendment to the Constitution to the effect that a new Rule 7.3A on terms set out in Schedule 2 be inserted into the Constitution, to ensure the Company is compliant with section 461.1 of the TSX Company Manual.

The notable effects of this amendment, if approved by Shareholders, are as follows:

- (a) at and from the Company's 2014 Annual General Meeting of Shareholders all Directors will retire and, subject to their consent, will stand for re-election at each annual general meeting;
- (b) if at least 3 Directors are not elected at an Annual General Meeting, those retiring Directors who stood for re-election will continue to hold office as caretaker Directors for the purposes of calling and convening a further general meeting of the Company to elect Directors; and
- (c) if the Managing Director and CEO of the Company is not re-elected as a Director, he will continue in his role as CEO.

If the amendment to the Constitution is not approved by Shareholders, then:

- (a) the TSX will consider the Company not to be in breach of its requirements under section 461.1 of the TSX Company Manual; and
- (b) the Company must submit and recommend the same amendments for approval by Shareholders at an annual general meeting of Shareholders no later than three years after this Meeting.

Corporations Act Requirements

Section 136(2) of the Corporations Act provides that a Company may modify its constitution by a special resolution of shareholders. A "special resolution" requires approval of at least 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

Directors' Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 8.

10. Resolution 9 – Amendment to Constitution for Re-instatement of Proportional Takeover Provisions

Background

Resolution 9 seeks Shareholder approval by special resolution (see section 9 above) for the re-instatement and inclusion of Schedule 3 to the Constitution, as set out in Schedule 3 to this Notice, in respect of proportional takeover bids.

A proportional takeover is a takeover offer sent to all shareholders of a company, but only seeks to acquire a portion of their shares. Accordingly, if accepted, the shareholder would sell a portion of their shares and retain the balance.

Section 648D of the Corporations Act provides that a company may include in its constitution a provision that enables it to refuse to register the transfer of shares acquired under a proportional takeover bid unless the bid is approved at a general meeting of the company. However, section 648G of the Corporations Act limits the term of such a provision to three years unless it is renewed by special resolution.

Schedule 3 formed part of the Constitution from its adoption by the Company on or about 4 March 2004. Accordingly, pursuant to its internal sunset clause in item 1.4 and section 648G(1)(a) of the Corporations Act, Schedule 3 ceased to have effect after three years from its approval, being on or about 4 March 2007. An electronic copy of the Constitution is available on the ASX announcements webpage at www.asx.com.au under the ASX code 'MBN', on the Company's website (www.mirabela.com.au) and on SEDAR (www.sedar.com).

Effect of Proportional Takeover Provisions

If Resolution 9 is approved, Schedule 3 of the Constitution would be re-instated and become effective as and from approval. This would require that any proportional takeover bid to be approved at a general meeting of the class of Shareholders the subject of the bid.

A resolution to approve the bid must be voted on prior to 14 days before the end of the bid period. If not, a resolution approving the bid is deemed to have been passed. The resolution requires a majority of 50% of votes to be cast in favour of it. Any votes cast by the bidder and its associates must be disregarded.

If a resolution to approve the proportional takeover bid is rejected, then binding acceptances are required to be rescinded and all unaccepted offers and offers failing to result in binding contracts are taken to have been withdrawn.

Importantly, Schedule 3, if approved by Shareholders, would not apply to a full takeover bid.

Reason for Proportional Takeover Provisions

If a proportional takeover bid provision is not included in the Constitution, a proportional takeover bid may enable control of the Company to pass without Shareholders having the opportunity to sell all their Shares to the bidder. As such, Shareholders may be left as minority holders. Schedule 3 provides the Company (and Shareholders) with an element of control over any proportional takeover process whereby they may collectively determine whether the bid is acceptable.

No Present Acquisition Proposals

As at the date of this Notice, the Board is not aware of any proposal by a person to acquire or to increase the extent of a substantial interest in the Company pursuant to a proportional takeover bid or otherwise.

Advantages and Disadvantages of Proportional Takeover Provisions

The Directors do not consider that the proposed re-instatement of Schedule 3 had any potential advantages for the Directors as they remain free to make a recommendation on whether a potential takeover bid should be approved.

The Directors consider the potential advantages of reinstating the proposed proportional takeover provisions in Schedule 3 include the following:

- (a) it provides Shareholders with a right to consider and determine whether a proportional takeover bid is acceptable or not;
- (b) it may assist in preventing Shareholders from becoming minority holders following a proportional takeover;

- (c) as Shareholder approval is required, the Shareholders have an improved negotiating position to ensure that appropriate consideration is payable under a proportional takeover bid; and
- (d) the minority Shareholders will become aware of the majority Shareholders' views on a proportional takeover which will assist in determining the likely outcome of the bid, and whether to approve or reject it.

The Directors consider the potential disadvantages of reinstating the proposed proportional takeover provisions in Schedule 3 to include the following:

- (a) it poses a hurdle to a potential bidder's success in a proportional takeover and, therefore, may discourage the bidder making a proportional takeover bid;
- (b) Shareholders may lose the opportunity to sell some of their Shares at a premium under a proportional takeover bid; and
- (c) it may reduce the likelihood of a proportional takeover bid being successful.

Directors' Recommendation

The Directors consider that the potential advantages of the proportional takeover provisions in Schedule 3 of the Constitution outweigh the potential disadvantages. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of Resolution 9.

Glossary of Terms

In this Notice and Explanatory Memorandum:

Adjusted EBITDA per Share means the Company's EBITDA for the relevant performance period with the following adjustments:

- (a) exclusive of exploration expenditure;
- (b) exclusive of impairment charges or write-backs; and
- (c) exclusive of other significant charges or write-backs that the Board deems to be excluded,

divided by the weighted average basic number of Shares over the performance period.

Auditor means the auditor of the Company from time to time, being at the date of this Notice, KPMG.

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.

AUD means Australian dollar.

Board means the board of Directors.

BRL means Brazilian real.

CEO means the Chief Executive Officer of the Company from time to time, being at the date of this Notice Mr Ian Purdy.

CFO means the Chief Financial Officer of the Company from time to time, being at the date of this Notice Mr Christiaan Els.

Closely Related Party has same meaning as the definition of that term in section 9 of the Corporations Act, being, in relation to a member of Key Management Personnel:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001* (Cth).

Company means Mirabela Nickel Ltd (ABN 23 108 161 593).

Company Secretary means the company secretary of the Company from time to time, being at the date of this Notice Mr Christiaan Philippus Els.

Constitution means the Company's constitution.

COO means the Chief Operations Officer of the Company from time to time, being at the date of this Notice Mr Antohny Kocken.

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

Current Plan means the Company's 2010 performance rights plan approved by Shareholders on 13 September 2010.

Directors mean the directors of the Company and **Director** means any one of them.

EBITDA means earnings before interest, tax, depreciation and amortization.

Eligible Persons means in respect of the New Plan:

- (a) full-time employees and permanent part-time employees of the Company and its subsidiaries; and
- (b) any other person who is determined by the Board to be an eligible person.

Explanatory Memorandum means the explanatory memorandum attached to the Notice, which provides information to Shareholders about the Resolutions contained in the Notice.

Group means any one of the Company or a subsidiary of the Company.

Key Management Personnel has the same meaning as the definition of that term in section 9 of the Corporations Act, being those persons details whose remuneration is included in the Company's annual remuneration report, having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).

Listing Rules means the Listing Rules of ASX.

Managing Director means the managing director of the Company from time to time, being at the date of this Notice Mr Ian Purdy.

Meeting means the annual general meeting of Shareholders the subject of the Notice.

New Plan means the "2013 Mirabela Nickel Limited Long Term Incentive Plan" the subject to Resolution 5.

Notice means the Notice of Annual General Meeting which accompanies this Explanatory Memorandum.

Option means an option to acquire a Share.

Performance Based Share means any Share issued to a Participant pursuant to the New Plan.

Performance Right means a right to acquire a Performance Right Share (Current Plan) or Performance Based Share (New Plan) in accordance with the rules and terms and conditions of the relevant plan.

Performance Right Share means in respect of any Performance Right issued under the Current Plan, the Share a Participant is entitled to pursuant to the Current Plan.

Proxy Form means the form for a Shareholder to appoint a proxy, attached to an accompanying this Notice.

Related Bodies Corporate has the same meaning as the definition of that term in section 50 of the Corporations Act.

Remuneration Report means the Company's remuneration report for the year ended 31 December 2012.

Resolution means a resolution proposed in this Notice.

Share means a fully paid ordinary share issued in the capital of the Company.

Shareholder means a holder of Shares.

TFR means total fixed remuneration.

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.

USD means United States dollar.

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

In this Notice and Explanatory Memorandum words importing the singular include the plural and vice versa.

Schedule 1 – 2012 Remuneration Report

1 REMUNERATION REPORT - AUDITED

This remuneration report for the year ended 31 December 2012 outlines the remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations.

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise).

The report contains the following sections:

- 3.1 Key Management Personnel covered by this Remuneration Report
- 3.2 Remuneration Governance
- 3.3 Use of Remuneration Consultants
- 3.4 Principles of Remuneration
- 3.5 Executive Remuneration Framework
- 3.6 Performance Pay Outcomes
- 3.7 Key Management Personnel Service Contracts
- 3.8 Summary of Remuneration

The Group notes the greater than 25% vote against the adoption of the 2011 Remuneration Report. In response the Group continues to strive for best practice remuneration practices and schemes, and

- intends cancelling the remaining performance rights of its current long term incentive scheme (these being the 2012 non-market strategic objective pertaining to organic growth, the 2012 market performance objective, and the 2013 non-market strategic and market performance objectives). Shareholder approval will be sought on a new scheme which incorporates feedback from shareholders and remuneration consultants;
- has provided more detailed disclosure on short and long term incentive scheme targets and awards in this remuneration report; and
- has had ongoing communications with large shareholders and proxy advisors to ensure alignment of expectations.

1.1 Key Management Personnel covered by this Remuneration Report

The following were KMPs of the Group at any time during the financial year and unless otherwise indicated KMPs for the entire period:

Table 1: Key Management Personnel

Non-executive Directors	Executive Directors	Executives
Mr Geoffrey Handley	Mr Ian Purdy	Mr Christiaan Els - Chief Financial Officer & Company Secretary
Mr Ian McCubbing		Mr Anthony Kocken – Chief Operating Officer ⁽²⁾
Mr Peter Nicholson ⁽¹⁾		Mr William Bent - Vice President, Business Development ⁽³⁾
Mr Nicholas Sheard		Mr Luis Nepomuceno – Managing Director Brazil ⁽⁴⁾
Mr Colin Steyn		

⁽¹⁾ Mr Nicholson was appointed Non-executive Director effective 12 June 2012.

⁽²⁾ Mr Kocken was appointed Chief Operating Officer effective 12 March 2012.

⁽³⁾ Mr Bent tendered his resignation from the Group on 17 November 2012, with effective date of 31 January 2013.

⁽⁴⁾ Mr Nepomuceno ceased to be an executive of the Group on 16 January 2012.

There were no other changes to KMPs after the reporting date and before the date of the financial report.

1.2 Remuneration Governance

The Remuneration and Nomination Committee (**Committee**) of the Board of Directors (**Board**) is responsible for determining the remuneration arrangements for KMPs and other senior management and making recommendations to the Board. The Committee comprises three independent Non-executive Directors of the Group.

The Committee reviews remuneration levels and other terms of employment on an annual basis having regard to relevant market conditions, strategy of the Group, qualifications and experience of the KMPs and performance against targets set for each year.

The Committee obtains independent advice on the appropriateness of remuneration packages of the Group given trends in comparative companies both locally and internationally, and the objectives of the Group's remuneration strategy.

1.3 Use of Remuneration Consultants

The Board uses an independent remuneration consultant, Egan Associates (Egan), to provide advice on the structure of new incentive schemes and to benchmark KMP remuneration.

During 2012, Egan was paid US\$35,787 for advice and recommendations in respect of reviewing the amount and elements of KMP remuneration. In addition Egan received US\$32,990 for other advisory services rendered.

In order to ensure the Committee is provided with advice, and as required, remuneration recommendations, free from undue influence by members of the KMP to whom the recommendations may relate, the Chairman of the Board engages directly with Egan in this regard.

The Committee uses Hay do Brasil Consultores Ltda (**HayGroup**) for advice and recommendations in respect of benchmarking and remuneration structuring in Brazil. HayGroup was paid US\$26,724 for these services. The advice received by the Board indicates that executive remuneration in Brazil has larger incentive components than equivalent Australian executives.

By general enquiry and review, the Board is satisfied that the recommendations made by the remuneration consultants were free from undue influence by executive KMPs.

1.4 Principles of Remuneration

The performance of the Group depends on the quality of the KMPs it employs. To be successful in a global market, the Group must attract, motivate and retain KMPs of the highest calibre.

The Group embraces the following remuneration principles to secure a successful business:

- Remuneration must be competitive, equitable and fair to attract and retain high calibre KMPs;
- Remuneration must recognise the competitive global market in which the Group operates;
- Remuneration must reward Group and individual performance across a range of disciplines and be measured against benchmarked targets; and
- Remuneration must link rewards with protecting and creating shareholder value.

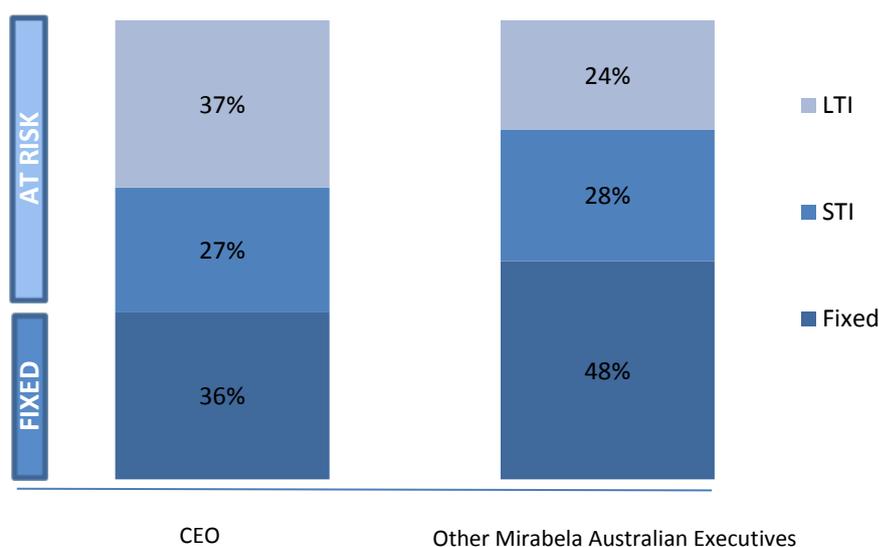
1.5 Executive Remuneration Framework

The Group's executive KMP total remuneration structure provides for:

- Fixed remuneration;
- Short-term, performance linked cash remuneration (**STI**); and
- Long-term, performance linked equity remuneration (**LTI**).

Table 2 below shows the proportion of each element of total remuneration, at target maximum opportunities, for the executive KMPs. Over 60% of total remuneration for the CEO is at risk and over 50% of total remuneration for the other executive KMPs is at risk. There are no Brazilian executive KMPs as at the date of this report.

Table 2: Executive KMP Remuneration Mix



1.5.1 Fixed remuneration

Fixed remuneration comprises base salary and employer superannuation contributions.

During 2012, all Brazilian employees were awarded a salary increase of 5% under the annual union collective-agreement negotiation. All Australian employees, including Australian executive KMPs were awarded a salary increase of 5% based on industry benchmarking and economic factors.

It has been determined that the CFO and COO will receive a 4% increase in fixed remuneration for 2013, in line with other Mirabela Australian employees. There will be no change to the CEO's fixed remuneration for 2013, in line with the directors' decision to seek no increase in director fees for 2013.

1.5.2 Short-term, performance-linked remuneration

The Group operates a short term, performance linked, incentive program (STI) which provides annual cash awards for the achievement of specific objectives. Actual STI payments awarded to each executive KMP depend on the extent to which specific objectives set at the beginning of the financial year are met.

On an annual basis, after consideration of performance against the objectives, the Board determines the amount, if any, of the STI to be paid to each executive KMP, seeking recommendations from the CEO as appropriate. The Board assesses STI performance during February each year, with payments made to all employees, including executive KMPs, by the end of March.

As the Group has been in project construction and production ramp-up, the Board determined that the most appropriate objectives for the STI were non-revenue, non-market based measures that are critical to the success of the Group. Table 3 below outlines the STI objectives for 2012:

Table 3: 2012 STI Objectives

Category	CEO	Other Mirabela Australian Executive KMP of the Group	Overview of STI Objectives
	Weightings	Weightings	
Contained Nickel Production	20%	20%	Contained Nickel Production to be based on a sliding scale commencing from 18,000t with Stretch set at 22,000t.
Safety	10%	5%	Based on a range and combination of LTIFR (Lost Time Injury Frequency Rate), AIFR (All Injury Frequency Rate) and Zero Accident and Prevention Program targets. No safety bonus is paid if there is a fatality.
Cost	20%	20%	Based on a combination of unit mining cost, unit processing cost, total administration cost and capital expenditure. To achieve stretch bonus, all four cost targets must be met and budget cost savings of greater than R\$25.000 million (US\$14.706 million) have to be achieved. All targets are in local currency (Brazilian Real).
Environment	10%	5%	Full compliance with the environmental conditions of the Environmental Institute of Brazil.
Personal Objectives	15%	10%	Results based on personal objectives agreed by the Committee.
Maximum Potential Award	75%	60%	

Production, Safety, Cost and Environment Targets are the same for all employees and are also reflected in the Brazilian employee profit share scheme. In Brazil, every employee participates in an STI scheme with target maximum opportunity ranging from 27% to 70% of fixed remuneration. In Australia, every employee participates in an STI scheme with target maximum opportunity ranging from 10% to 75% of fixed remuneration.

For 2013, the Board intends to maintain the existing STI schemes for all eligible employees, including executive KMPs. The Group-wide STI is driving strong performance to the benefit of all shareholders.

1.5.3 Long-term, performance linked remuneration

The Group operates a long-term, performance linked, incentive program (LTI) in the form of the "Mirabela Nickel Limited Performance Rights Plan", (LTI), approved at a Shareholders meeting held on 13 September 2010. The LTI incentivises and rewards executive KMPs and other employees for long-term performance and provides a critical retention incentive, but only for so long as employees believe there is potential for the equity awards to be of value. The LTI is offered to all senior employees in Brazil and Australia, including executive KMPs.

LTI awards to the executive KMPs are delivered in the form of performance rights. A performance right is a right to be issued a share upon satisfaction of certain performance conditions as determined by the Board. Performance rights do not attract the payment of dividends or carry voting rights, and shares are allocated to participants only on the satisfaction of both the performance hurdle(s) and the expiry of a vesting period which commences at the end of the relevant achievement date.

A performance right that is in holding lock (the period between achievement date and vesting date), will immediately vest on redundancy or termination-without-cause, but will be forfeited on termination-with-cause or resignation.

The Group's policy prohibits those that are granted performance rights as part of their remuneration from entering into other arrangements that limit their exposure or losses that would result from share price decreases.

For 2012 the maximum LTI opportunity available to the CEO was 338,848 performance rights. For 2012 the maximum LTI opportunity available to the other executive KMPs was 50% of fixed remuneration divided by the five day volume weighted-average price for the Group's shares to 31 December 2011.

As the Group has been in project construction and production ramp-up the Board determined that the most appropriate performance objectives for the LTI were a combination of market and non-market measures which are critical to the success of the Group.

For 2012 the performance objectives were based on:

- 50% for non-market strategic objectives (Cost reduction [20%], optimisation [10%], organic growth [10%] and exploration goals [10%]); and
- 50% for market performance which is measured by Relative Total Shareholder Return (**RTSR**) relative to a comparator group of ASX and TSX companies.

The selected RTSR comparator group of companies is a broad base of mining companies representing mid-tier mining companies from across the ASX and TSX – listed in Table 4 below.

Table 4: RTSR Comparator Companies

No.	Security	Description	ASX/TSX	Mineral
1	ABY	Aditya Birla Minerals Limited	ASX	Copper
2	AQP	Aquarius Platinum Limited	ASX,JSE,LSE	Platinum
3	AWC	Alumina Limited	ASX	Alumina/Bauxite
4	FM	First Quantum Minerals	TSX	Base metals
5	GBG	Gindalbie Metals Limited	ASX	Iron ore
6	HIG	Highlands Pacific Limited	ASX	Ramu / Projects
7	HBM	HudBay Minerals	TSX, NYSE	Zinc, Nickel
8	IGO	Independence Group NL	ASX	Nickel, Base metals
9	IMN	Inmet Mining Corporation	TSX	Copper, Zinc
10	KZL	Kagara Limited	ASX	Zinc
11	LUN	Lundin Mining Corporation	TSX, OMX	Copper, Zinc
12	LYC	Lynas Corporation Limited	ASX	Rare Earths
13	MCR	Mincor Resources NL	ASX	Nickel
14	MGX	Mount Gibson Iron Limited	ASX	Iron ore
15	MMX	Murchison Metals Limited	ASX	Iron ore
16	NCM	Newcrest Mining Limited	ASX	Gold
17	OMH	OM Holdings Limited	ASX	Manganese
18	OZL	Oz Minerals Limited	ASX	Copper, Gold
19	PNA	PanAust Limited	ASX	Copper, Gold
20	PAN	Panoramic Resources Limited	ASX	Nickel
21	PEM	Perilya Limited	ASX	Zinc, Lead, Silver
22	POS	Poseidon Nickel Limited	ASX	Projects only
23	QUX	QuadraFNX	TSX	Copper
24	SRQ	Straits Resources Limited	ASX	Copper, Gold
25	WSA	Western Areas NL	ASX,TSX	Nickel

Table 5 below presents the RTSR performance hurdles and the percentage of the maximum award that would be available:

Table 5: RTSR Performance Hurdles

Company's TSR relative to the TSR of the Comparator Group over the performance period	Maximum Percentage of Performance Rights Allocated
Less than the 50 th Percentile	Nil
50 th percentile	25%
Greater than the 50 th percentile but less than the 75 th percentile	25% plus 1% for every one percentile increase above the 50th percentile
Greater than or equal to the 75 th percentile	50%

On an annual basis, after consideration of performance against the objectives, the Board determines the amount, if any, of the LTI to be awarded to each executive KMP seeking recommendations from the CEO as appropriate. RTSR performance is monitored by an independent external advisor at 31 December each year. Once awarded the performance rights are in a holding lock for a period of twelve months before converting into ordinary shares. During this period the performance rights are still subject to a continuing service requirement.

Under the terms of the current LTI plan, the un-awarded performance rights would be retested by the end of March 2013 for the non-market strategic objectives, and the market performance objective of relative total shareholder return will be retested by the end of June 2013. The Board intends to cancel this retesting and as such, no further awards under the existing LTI plan are expected from the date of this report. Performance rights currently in a holding lock will be allowed to vest at the completion of the vesting period.

Following shareholder feedback received at the Group's 2012 AGM, the Board intends cancelling the remaining performance rights of its current LTI plan (these being the 2012 non-market strategic objective pertaining to organic growth, the 2012 market performance objective, and the 2013 non-market strategic and market performance objectives) and seeking shareholder approval on a new scheme. The Board is currently working with its remuneration consultants and it is expected that the new scheme will incorporate the following changes:

- Three year test period (currently one year plus one year holding lock);
- No retest (currently retest up to three months and six months);
- EBITDA (as defined by the Group) per share and RTSR targets (currently strategic objectives and RTSR); and
- Simplified administration requirements.

Further information on the accounting policies applied to share based payments is provided in note 3(n) of the consolidated financial statements.

1.6 Performance Pay Outcomes

1.6.1 Consequences of performance on shareholder wealth

In considering the Group's management performance and benefits for shareholder wealth, the Group considers share price performance and earnings in relation to the broader market conditions and internal targets. In addition to the above, the Group has regard to the following indices in respect of the current and previous financial years (as noted in Table 6):

Table 6: Consequences of performance on shareholder wealth

Measure	31 December 2012	31 December 2011	31 December 2010 ⁽²⁾
ASX Share Price at Year End (A\$)	0.48	1.12	2.28
TSX Share Price at Year End (C\$)	0.50	1.17	2.38
Loss for the Period (US\$ million)	(452.875)	(50.761)	(47.618)
EBITDA ⁽¹⁾ (US\$ million)	45.327	14.615	35.745

Measure	31 December 2012	31 December 2011	31 December 2010 ⁽²⁾
Dividends Paid	-	-	-
Return of Capital	-	-	-
Sales Revenue (US\$ million)	343.398	303.642	210.975
Realised Nickel Price (US\$/lb)	7.46	10.04	9.43
Production Unit Cash Cost (US\$/lb) ⁽³⁾	5.82	7.27	7.00
Nickel Production (dmt)	19,253	15,854	10,375
Mined Tonnes (Mt)	38.5	40.8	29.1
Processed Tonnes (Mt)	6.5	5.4	3.8

(1) EBITDA, as used by the Group, is unaudited and defined as earnings before net financial expense, net derivative loss, net foreign exchange gain, taxation, other expenses, depreciation, amortisation, depletion and impairment charge (refer section 3.9 of this remuneration report).

(2) Commercial production was achieved from 1 January 2010. As such, indices for 2008 and 2009 have not been included.

(3) Production Unit Cash Cost is unaudited (refer section 3.9 of this remuneration report).

The Board notes the falling nickel prices and the large, dilutive equity raisings required to support the project ramp-up as reasons contributing to the falling share price, and notes that the 2012 Loss for the Period includes a non-cash impairment charge of US\$380.000 million relating to historical capitalised expenditure.

The Board also acknowledges the challenging nature of working for the Group at this phase of its development and notes the executive staff turnover of well over 100% over the last 3 years; executive KMP staff turnover of 40% for 2012; and the Non-executive Director KMP turnover of 60% over the last three years.

1.6.2 STI performance pay outcome

During 2012 the Group successfully delivered the Santa Rita nickel project and achieved full production levels during the second half of the year. Key achievements were:

- Production of 19,253 tonnes of contained nickel, on market guidance, and a 21% increase from 2011;
- Safety LTIFR rate of 0.69, an exceptional outcome when compared to the Australian average of 3.1;
- Unit production costs decreased from US\$7.42/lb in Q4 2011 to \$4.91/lb in Q4 2012;
- All cost targets were achieved and budget savings in excess of R\$70.000 million (US\$41.176 million) were realised; and
- Compliance with all environmental requirements.

The Committee has assessed the success of these achievements by: making appropriate enquiries of management, reviewing management information reports, and reviewing external reports where applicable.

Based on these results the Board has awarded an STI to all eligible employees including: 66% of the production component; 100% of the safety component; 100% of the cost component; 100% of the environmental component; and individual objectives have been specifically assessed for each executive KMP.

No discretion was exercised by the Board in assessing the performance of the executive KMP's against the 2012 STI objectives.

Table 7: Executive KMP STI Awards for 2012

	Included in Remuneration	% STI achieved in 2012	% of maximum STI achieved in year	% of maximum STI forfeited in year
	US\$	%	%	%
Ian Purdy	564,507	67	89	11
Christiaan Els	243,762	52	86	14
Anthony Kocken ⁽¹⁾	209,828	53	88	12
William Bent ⁽²⁾	205,962	51	85	15

(1) Mr Kocken was appointed Chief Operating Officer effective 12 March 2012.

(2) Mr Bent tendered his resignation from the Group on 17 November 2012, with effective end date of 31 January 2013.

Amounts included in remuneration for the financial year represent the amounts that became due in the financial year on achievement of personal goals and satisfaction of specified performance criteria. The amounts forfeited are due to the performance or service criteria not being met in relation to the current financial year. No amounts vest in future financial years in respect of the STI for the 2012 financial year.

1.6.3 LTI performance pay outcome

For 2012 the Board has determined an award of 36/50 for the achievement of non-market strategic objectives and 0/50 for the market performance objective (RTSR performance). The successful non-market strategic objectives related to: headcount reduction, recovery optimisation, desliming plant commissioning, grade control improvements and exploration programs. The unsuccessful objectives related to equipment availability targets and the completion of the 9Mt feasibility study which was deferred by the Group.

The Committee has assessed the success of these achievements by: making appropriate enquiries of management, reviewing management information reports, and reviewing external reports where applicable.

For the second consecutive year the Group did not achieve its target RTSR as measured against comparator group of ASX and TSX companies. As such, no award was made under the market performance objective. The Group notes the large, dilutive equity raisings required to support the project ramp-up as a contributing reason for the below target RTSR outcomes for 2012 and 2011. The low number of performance rights vesting has severely reduced the retention usefulness of the LTI plan.

No discretion was exercised by the Board in assessing the performance of the executive KMPs against the 2012 LTI objectives.

Table 8: Executive KMP LTI Awards for 2012

	Maximum Number of Performance Rights	Number awarded in 2012 (Subject to 12 month holding lock)	% of LTI achieved in year	% of LTI not awarded in year
			%	%
Ian Purdy	338,848	121,985	36	64
Christiaan Els	196,537	70,753	36	64
Anthony Kocken ⁽¹⁾	197,277	71,020	36	64
William Bent ⁽²⁾	167,686	-	0	100

(1) Mr Kocken was appointed Chief Operating Officer effective 12 March 2012.

(2) Mr Bent tendered his resignation from the Group on 17 November 2012, with effective end date of 31 January 2013.

It is the Board's intention to cancel the remaining outstanding performance rights relating to the existing LTI plan. These being:

- The 2012 non-market performance objective pertaining to organic growth - that is due for retest by 31 March 2013;
- The 2012 market performance objective – that is due for retest by 30 June 2013;
- The 2013 non-market strategic objective; and
- The 2013 market performance objective.

As such, no further awards under the existing LTI plan are expected from the date of this report. Performance rights currently in a holding lock will be allowed to vest at the completion of the vesting period.

Refer to section 3.8.3 of the Annual Report for more details on the valuation of the equity instruments in the remuneration report.

1.7 Key Management Personnel Service Contracts

Remuneration arrangements for executive KMPs are formalised in employment contracts. Details of these contracts are provided below:

Mr Ian Purdy, Chief Executive Officer & Managing Director, entered into an employment contract on 1 November 2009 with the Group. The contract is unlimited in term but capable of termination upon six months' notice by either party. In the event the Group terminates Mr Purdy's employment without cause, Mr Purdy was entitled to a payment equal to six months' salary. On 1 July 2011 Mr Purdy's employment contract was amended to the effect that in the event of termination due to a redundancy or change in employment conditions within twelve months of a change in control, Mr Purdy is entitled to twelve months' salary. As part of the contract, Mr Purdy is entitled to participate in any Group incentive schemes.

Mr Christiaan Els, Chief Financial Officer (**CFO**) & Company Secretary, entered into an employment contract as CFO with the Group effective 1 August 2009 and was appointed Company Secretary on 7 January 2010. The contract is unlimited by term but capable of termination upon three months' notice by either party. In the event the Group terminates Mr Els' employment without cause, Mr Els was entitled to a payment equal to three months' salary. On 1 July 2011 Mr Els' employment contract was amended to the effect that in the event of termination due to a redundancy or change in employment conditions within twelve months of a change in control, Mr Els is entitled to twelve months' salary. As part of the contract, Mr Els is entitled to participate in any Group incentive schemes.

Mr Anthony Kocken, Chief Operating Officer (**COO**), entered into an employment contract as COO with the Group effective 12 March 2012. The contract is unlimited by term but capable of termination upon six months' notice by either party. In the event the Group terminates Mr Kocken's employment without cause, Mr Kocken is entitled to a severance payment of a minimum of six months' salary and up to a maximum twelve months' salary, inclusive of notice. As part of the contract, Mr Kocken is entitled to participate in any Group incentive schemes.

Mr William Bent, VP - Business Development, entered into an employment contract effective 1 June 2010. The contract is unlimited by term but capable of termination upon three months' notice by either party. In the event the Group terminates Mr Bent's employment without cause, Mr Bent was entitled to a payment equal to three months' salary. On 1 July 2011 Mr Bent's employment contract was amended to the effect that in the event of termination due to a redundancy or change in employment conditions within twelve months of a change in control, Mr Bent is entitled to twelve months' salary. As part of the contract, Mr Bent is entitled to participate in any Group incentive schemes. Mr Bent tendered his resignation from the Group on 17 November 2012, with effective end date of 31 January 2013.

Mr Luis Nepomuceno, Managing Director - Brazil, entered into an employment contract on 1 May 2010. The contract was unlimited by term but capable of termination upon six months' notice by either party. In the event the Group terminates Mr Nepomuceno's employment without cause, Mr Nepomuceno was entitled to a payment equal to six months' salary. As part of the contract Mr Nepomuceno was entitled to participate in any Group incentive schemes. Mr Nepomuceno's contract was terminated effective 16 January 2012. Per the termination agreement Mr Nepomuceno was entitled to six months' salary and twelve months dental and medical cover.

1.8 Summary of Remuneration

1.8.1 Non-executive Director KMP remuneration

The aggregate total remuneration for Non-executive Director KMPs is determined from time to time by shareholders in a General Meeting. The current total aggregate remuneration payable to Non-executive Director KMPs may not exceed US\$1,050,838 per annum.

The Committee considers, on an annual basis, independent remuneration advice as well as fees paid to Non-executive Director KMPs of comparable companies in determining the quantum and apportionment of the remuneration for the year. In recognition of the difficult financial position the Group was in during 2012 the Board did not increase the Non-executive Director KMP fees during 2012 and has determined not to seek any increase to total aggregate Non-executive Director KMP remuneration at the 2013 AGM, nor will individual Non-executive Director KMP fees be increased due to the continued challenges facing the Group.

Non-executive Director KMPs receive fixed remuneration, including superannuation but do not receive any share based payments nor participate in any incentive programs, in line with ASX Corporate Governance principles. Non-executive Director KMPs are encouraged to own shares in the Group.

No additional payments are made to Non-executive Director KMPs for committees, except for the Chair of the Board Audit Committee.

Table 11a sets out the fixed remuneration of the Non-executive Director KMPs for 2012.

1.8.2 Remuneration review

The following section itemises the remuneration components for the KMPs.

Actual Performance Pay Received

In line with best practice recommendations, the amounts shown in Table 10 below provide a summary of actual remuneration received by the CEO during the years ended 31 December 2012 and 31 December 2011. This has been prepared to provide shareholders with a view of remuneration structure and how remuneration was paid to the CEO for these years. The Board believes presenting information in this way provides the shareholders with increased clarity and transparency of the CEO's realised remuneration.

The information provided in Table 10 is non-statutory information and differs from the information provided in Tables 11a and 11b, which have been prepared in accordance with International Financial Reporting Standards. A description of the difference between the tables is provided below in Table 9.

Table 10 has been presented in AUD, being the Company's functional currency and the currency in which the CEO's remuneration is paid. The Board believes this to be a more appropriate view of the remuneration as it removes any exchange rate retranslation distortions year on year resulting from conversion to the Company's USD presentation currency. Tables 11a and 11b are presented in USD, being the Company's presentation currency for financial reporting purposes as required by International Financial Reporting Standards.

Table 9: Reconciliation between Statutory and Non-Statutory Tables

	KMPs included in table	Short-term salaries	STI cash bonus	Post employment super contributions	Movement in provision for annual leave	LTI awards: performance rights
Non-Statutory Table (stated in A\$)	CEO	Cash salary as per statutory tables and stated in A\$	Cash paid in current year and relating to Board approved prior year STI achievements	Super contributions as per statutory tables and stated in A\$	Nil as no value is received by the KMPs until termination	Value calculated using market share price on the day of conversion to shares
Statutory Tables (stated in US\$)	CEO and other KMPs	Cash salary stated in US\$	Accrued in current year relating to current year STI estimates	Super contributions stated in US\$	Accounting based movement value, in accordance with accounting standards	Amortised expense relating to rights issued in current and prior years, per accounting standards

Table 10 – Non-Statutory: CEO - Actual Cash/Realised Remuneration (in AUD)

	Short-term salary	STI cash bonus ⁽¹⁾	Post-employment super contribution	Performance rights converted to shares ⁽²⁾	Total realised remuneration
<i>Executive Director</i>	A\$	A\$	A\$	A\$	A\$
Ian Purdy					
2012	793,316	459,037	25,000	184,108	1,461,461
2011	754,350	626,750	25,000	291,400	1,697,500

(1) Represents the Board approved bonus paid, relating to STI achievements in prior year.

(2) Based on the market price per share at date of conversion: 2012 of 195,860 shares at A\$0.94 per share and 2011 of 155,000 shares at A\$1.88 per share.

For exchange rates used to convert the AUD to USD refer exchange rate details following Table 11b.

Table 11a below outlines the statutory KMP remuneration for 2012, based on International Financial Reporting Standards requirements.

Table 11a: Statutory KMP remuneration for 2012

US\$						Performance Rights (Expensed during the Period) relating to			Remuneration Entitlement	Performance related proportion of remuneration entitlement	Value of performance rights as a proportion of remuneration entitlement
	Short-term salaries and fees	STI cash bonus	Post-employment super contributions	Termination Payments	Movement in provision for annual leave	Performance conditions achieved (5)	Performance conditions not yet achieved (6)	Performance conditions lapsed/cancelled (7)			
31 December 2012	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	%	%
Directors											
<i>Executive Directors</i>											
Ian Purdy	821,000	564,507	25,991	-	48,149	114,752	93,108	69,560	1,737,067	48	16
<i>Non-executive Directors</i>											
Geoffrey Handley	186,443	-	16,780	-	-	-	-	-	203,223	-	-
Ian McCubbing	133,035	-	11,973	-	-	-	-	-	145,008	-	-
Peter Nicholson ⁽¹⁾	56,948	-	-	-	-	-	-	-	56,948	-	-
Nicholas Sheard	103,580	-	-	-	-	-	-	-	103,580	-	-
Colin Steyn	103,580	-	-	-	-	-	-	-	103,580	-	-
Executives											
Christiaan Els	446,119	243,762	25,895	-	38,721	51,367	35,439	20,566	861,869	41	12
Anthony Kocken ⁽²⁾	359,722	209,828	21,489	-	27,932	34,184	35,572	-	688,727	41	10
William Bent ⁽³⁾	376,828	205,962	25,895	-	30,056	14,256	-	16,936	669,933	35	5
Luis Nepomuceno ⁽⁴⁾	20,755	-	-	255,194	-	34,559	-	41,056	351,564	22	22
	2,608,010	1,224,059	128,023	255,194	144,858	249,118	164,119	148,118	4,921,499		

(1) Mr Nicholson was appointed Non-executive Director effective 12 June 2012.

(2) Mr Kocken was appointed Chief Operating Officer effective 12 March 2012.

(3) Mr Bent tendered his resignation from the Group on 17 November 2012, with effective end date of 31 January 2013.

(4) Mr Nepomuceno ceased to be an executive of the Group on 16 January 2012.

(5) In relation to 2011 non-market strategic objectives which vested on 31 December 2012 at a reduced allocation percentage; and 2012 non-market strategic objectives pertaining to cost reduction (at a reduced allocation percentage), optimisation (fully achieved) and exploration goals (fully achieved) with a vesting date of 31 December 2013.

(6) In relation to 2012 non-market strategic objectives pertaining to organic growth which is to be retested by 31 March 2013; 2012 market performance objective which is to be retested by 30 June 2013; 2013 non-market strategic objective and 2013 market performance objective of which performance conditions are yet to be advised by the Board (but will be determined at the time of the grant).

(7) In relation to 2011 market performance objective which was cancelled by the Committee on 25 September 2012 - values based on grant date valuation. The KMPs will not receive any benefit from these performance rights.

Table 11b below outlines the statutory KMP remuneration for 2011, based on International Financial Reporting Standards requirements.

Table 11b: Statutory KMP remuneration for 2011

US\$ 31 December 2011	Short-term salaries and fees	STI cash bonus	Post-employment super contributions	Movement in provision for annual leave	Performance Rights (Expensed during the Period) relating to			Remuneration Entitlement	Performance related proportion of remuneration	Value of performance rights and options as proportion of remuneration
					Performance conditions achieved (6)	Performance conditions not yet achieved (7)	Not subjected to performance conditions			
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	%	%
Directors										
<i>Executive Directors:</i>										
Ian Purdy	779,002	464,963	24,909	13,971	369,532	109,046	180,056	1,941,479	49	34
<i>Non-executive Directors:</i>										
Geoffrey Handley ⁽¹⁾	94,713	-	8,524	-	-	-	-	103,237	-	-
Ian McCubbing ⁽²⁾	132,598	-	11,934	-	-	-	-	144,532	-	-
Nicholas Sheard	103,237	-	-	-	-	-	-	103,237	-	-
Colin Steyn	103,258	-	-	-	-	-	-	103,258	-	-
Craig Burton ⁽³⁾	185,972	-	-	-	-	-	-	185,972	-	-
William Clough ⁽⁴⁾	103,263	-	-	-	-	-	-	103,263	-	-
Executives										
Christiaan Els	428,035	208,107	22,755	6,826	111,112	17,760	76,792	871,387	39	24
William Bent	357,039	177,557	25,391	18,837	91,411	14,611	-	684,846	41	15
Luis Nepomuceno ⁽⁵⁾	511,791	194,230	-	-	221,595	35,421	-	963,037	47	27
	2,798,908	1,044,857	93,513	39,634	793,650	176,838	256,848	5,204,248		

(1) Mr Handley was appointed as a Non-executive Director effective 1 January 2011 and moved from the role of Non-executive Director to the role of Non-executive Chairman effective 1 January 2012.

(2) Mr McCubbing was appointed as Chairman of the Audit Committee effective 1 January 2011.

(3) Mr Burton moved from the role of executive Chairman to the role of Non – executive Chairman effective 1 January 2011. He resigned from the Group on 1 January 2012.

(4) Mr Clough resigned from the Group on 1 January 2012. Remuneration payments to Mr Clough were made to a related entity, WM Clough Pty Ltd.

(5) Mr Nepomuceno ceased to be an executive of the Group on 16 January 2012.

(6) In relation to 2010 and 2011 non-market strategic objectives.

(7) In relation to 2011 market performance objective; 2012 non-market strategic objectives; 2012 market performance objective; 2013 non-market strategic objectives, and 2013 market performance objective.

For Tables 11a and 11b above, exchange rates used to convert the AUD to USD were as follows:

- Short term salaries, fees and post-employment super contribution: monthly average rates ranging from 1.073 to 0.995 for the year ended 31 December 2012 (2011: 1.078 to 0.996); and
- STI cash bonus, movement in provision for annual leave and performance rights: annual average rate of 1.036 for the year ended 31 December 2012 (2011: 1.032).

Exchange rates used to convert BRL to USD were as follows:

- Short term salaries, fees and termination payments: January 2012 average rate of 1.851 (2011: monthly average rates ranging from 1.839 to 1.564); and
- STI cash bonus and performance rights: annual average rate of 1.955 for the year ended 31 December 2012 (2011: 1.675).

1.8.3 Equity instruments

All performance rights and options refer to rights and options over ordinary shares of the Company, which are exercisable on a one-for-one basis under the Group's performance rights and share option plans.

The Group measures the fair value of a share-based payment award issued to eligible employees at grant date and is not required to adjust the fair value afterwards (even if it becomes more or less valuable or does not ultimately vest) unless the award is modified. Where the service condition has commenced before the grant date a provisional fair value is calculated for a share-based payment award, which is revised upon grant date.

1.8.3.1 Performance rights issued as remuneration

Details of performance rights issued as remuneration to executive KMPs during the financial year are outlined in Tables 12a and 12b as follows:

Table 12a: Performance rights issued as remuneration

31 December 2012						
Directors		Number of performance rights issued/granted	Grant Date	Fair value of performance rights at grant date A\$	Expiry date ⁽¹⁾	Number of performance rights vested
<i>Executive</i>						
Ian Purdy	2011 non-market strategic objective	-	31 Mar 2011	1.84	1 Apr 2013	70,509
Executives						
Christiaan Els	2011 non-market strategic objective	-	31 Mar 2011	1.84	1 Apr 2013	20,846
	2012 non-market strategic objectives (cost reduction, optimisation and exploration goals)	78,615	9 Feb 2012	0.99	1 Jan 2014	-
	2012 non-market strategic objectives (organic growth)	19,654	9 Feb 2012	0.99	1 Apr 2014	-
	2012 market performance objective	98,268	9 Feb 2012	0.54	1 July 2014	-
Anthony Kocken	2012 non-market strategic objectives (cost reduction, optimisation and exploration goals)	78,911	9 Feb 2012	0.99	1 Jan 2014	-
	2012 non-market strategic objectives (organic growth)	19,727	9 Feb 2012	0.99	1 Apr 2014	-
	2012 market performance objective	98,639	9 Feb 2012	0.54	1 July 2014	-
William Bent	2011 non-market strategic objective	-	31 Mar 2011	1.84	1 Apr 2013	17,168
	2012 non-market strategic objectives ⁽²⁾	83,843	9 Feb 2012	0.99	1 Jan 2014	-
	2012 market performance objective ⁽²⁾	83,843	9 Feb 2012	0.54	1 Jan 2014	-
Luis Nepomuceno	2011 non-market strategic objective	-	31 Mar 2011	1.84	1 Apr 2013	41,616

(1) The performance rights are subject to both service conditions and performance conditions (Refer note 12 of the consolidated financial statements).

(2) These performance rights were forfeited on 23 January 2013.

Table 12b: Performance rights issued as remuneration

31 December 2011						
		Number of performance rights issued/granted	Grant Date	Fair value of performance rights at grant date A\$	Expiry date ⁽¹⁾	Number of performance rights vested
Directors		Jan-Dec 2011				Jan-Dec 2011
<i>Executive</i>						
Ian Purdy	Performance rights not subjected to performance conditions	-	13 Sep 2010	1.84	1 July 2011	155,000
	2010 non-market strategic objective	-	13 Sep 2010	1.84	1 Apr 2012	195,860
	2011 non-market strategic objective	97,930	31 Mar 2011	1.84	1 Apr 2013	-
	2011 market performance objective	97,930	31 Mar 2011	1.28	1 July 2013	-
	2012 non-market strategic objectives ⁽²⁾	169,424	9 Feb 2012	1.12	1 Jan 2014	-
	2012 market performance objective ⁽²⁾	169,424	9 Feb 2012	1.12	1 Jan 2014	-
	2013 non-market strategic objective & market performance objective ⁽²⁾	338,847	31 Mar 2013	1.12	1 Jan 2015	-
Executives						
Christiaan Els	Performance rights not subjected to performance conditions	-	13 Sep 2010	1.84	1 July 2011	65,000
	2010 non-market strategic objective	-	13 Sep 2010	1.84	1 Apr 2012	57,906
	2011 non-market strategic objective	28,954	31 Mar 2011	1.84	1 Apr 2013	-
	2011 market performance objective	28,953	31 Mar 2011	1.28	1 July 2013	-
William Bent	2010 non-market strategic objective	-	13 Sep 2010	1.84	1 Apr 2012	47,688
	2011 non-market strategic objective	23,844	31 Mar 2011	1.84	1 Apr 2013	-
	2011 market performance objective	23,843	31 Mar 2011	1.28	1 July 2013	-
Luis Nepomuceno	2010 non-market strategic objective ⁽³⁾	-	13 Sep 2010	1.84	1 Apr 2012	115,603
	2011 non-market strategic objective ⁽³⁾	57,801	31 Mar 2011	1.84	1 Apr 2013	-
	2011 market performance objective	57,801	31 Mar 2011	1.28	1 July 2013	-

(1) The performance rights are subject to both service conditions and performance conditions (refer note 12 of the consolidated financial statements).

(2) These performance rights were issued for the 2012 non-market strategic objectives and market performance objective and the 2013 non-market strategic objective and market performance objective. The performance conditions for these objectives had not been set at the date of the 2011 report, being 28 February 2012, and therefore the fair value of these rights had been provisionally measured.

(3) On termination of Mr Nepomuceno these rights vested.

2012 and 2013 Non-market strategic objectives:

These performance rights are subject to both service conditions and non-market performance conditions. The service conditions and non-market vesting conditions are not included in estimating the fair value at grant date. Therefore the Group only considered the vesting conditions when estimating the number of equity instruments expected to vest during the vesting period.

For these performance rights, the fair value is measured at the market price of the entity's shares on grant date adjusted to take into account the terms and conditions upon which the rights were granted (except for vesting conditions that are excluded from the measurement of fair value). Where the service condition has commenced before the grant date a provisional fair value is calculated for a share-based payment award, which is revised upon grant date.

The performance conditions for the 2013 non-market strategic objective have not been set at the date of this report and therefore the fair value of these performance rights has been provisionally measured. The value of these performance

rights will be finalised when the performance conditions are set, unless the remaining current LTI plan objectives are cancelled, as proposed by the Board.

Performance rights may be subject to a retest. However, once successfully achieved they remain in a holding lock for a service period of twelve months.

2012 and 2013 Market performance objectives:

These performance rights are subject to both service conditions and market performance vesting conditions. The Group is required to take into consideration the probability of reaching the target share price when estimating the fair value of these equity instruments at grant date. On this basis, the Group will continue to recognise expenses associated with providing this share based payment award to the employee as long as the service condition has been achieved, irrespective of whether the market condition is satisfied (refer note 12(b) of the consolidated financial statements).

The fair value of services received in return for these performance rights granted are measured by reference to the fair value of the performance rights. On grant date the estimate of the fair value of the services received is measured based on the Monte Carlo pricing model. The contractual life of the performance right is used as an input into this model.

The expected volatility is based on the historic volatility (calculated based on the weighted-average remaining life of the performance rights), adjusted for any expected changes to future volatility based on publicly available information.

The performance conditions for the 2013 market performance objective have not been set at the date of this report and therefore the fair value of the performance rights has been provisionally measured. The value of these performance rights will be finalised when the performance conditions are set, unless the remaining current LTI plan objectives are cancelled, as proposed by the Board.

Performance rights may be subject to a retest. However, once successfully achieved they remain in a holding lock for a service period of twelve months.

1.8.3.2 Exercise of performance rights granted as remuneration

During the reporting period, the following shares, as noted in Table 13, were issued to executive KMPs on the exercise of the performance rights previously granted as remuneration.

Table 13: Shares issued to executive KMPs on exercise of performance rights

Directors		Number of shares	Exercise date	Share price (A\$/share)
<i>Executive Director</i>				
Ian Purdy	2010 non-market strategic objective	195,860	2 February 2012	0.94
Executives				
Christiaan Els	2010 non-market strategic objective	57,906	2 February 2012	0.94
William Bent ⁽¹⁾	2010 non-market strategic objective	47,688	2 February 2012	0.94
Luis Nepomuceno ⁽²⁾	2010 non-market strategic objective	115,603	2 February 2012	0.94
	2011 non-market strategic objective	41,616	18 April 2012	0.52

(1) Mr Bent tendered his resignation from the Group on 17 November 2012, with effective end date of 31 January 2013.

(2) Mr Nepomuceno ceased to be an executive of the Group on 16 January 2012.

1.8.3.3 Analysis of performance rights granted as remuneration

Details of vesting profiles of the performance rights granted as remuneration to executive KMPs of the Group are detailed in Table 14 below:

Table 14: Analysis of performance rights granted as remuneration

Directors		Number of performance rights issued/granted	Grant Date	Performance condition successfully achieved ⁽⁶⁾	% forfeited/cancelled during the year ⁽¹⁾	Date on which grant vests
<i>Executive</i>						
Ian Purdy	2011 non-market strategic objective	97,930	31 Mar 2011	72%	28%	31 Dec 2012
	2011 market performance objective ⁽⁴⁾	97,930	31 Mar 2011	0%	100%	30 Jun 2013
	2012 non-market strategic objectives (cost reduction, optimisation and exploration goals)	135,539	9 Feb 2012	90%	10%	31 Dec 2013
	2012 non-market strategic objectives (organic growth) ⁽²⁾	33,885	9 Feb 2012	N/A	-	31 Mar 2014
	2012 market performance objective ⁽³⁾	169,424	9 Feb 2012	N/A	-	30 Jun 2014
	2013 non-market strategic objective & market performance objective	338,847	31 Mar 2013	N/A	-	31 Dec 2014
<i>Executives</i>						
Christiaan Els	2011 non-market strategic objective	28,954	31 Mar 2011	72%	28%	31 Dec 2012
	2011 market performance objective ⁽⁴⁾	28,953	31 Mar 2011	0%	100%	30 Jun 2013
	2012 non-market strategic objectives (cost reduction, optimisation and exploration goals)	78,615	9 Feb 2012	90%	10%	31 Dec 2013
	2012 non-market strategic objectives (organic growth) ⁽²⁾	19,654	9 Feb 2012	N/A	-	31 Mar 2014
	2012 market performance objective ⁽³⁾	98,268	9 Feb 2012	N/A	-	30 Jun 2014
Anthony Kocken	2012 non-market strategic objectives (cost reduction, optimisation and exploration goals)	78,911	9 Feb 2012	90%	10%	31 Dec 2013
	2012 non-market strategic objectives (organic growth) ⁽²⁾	19,727	9 Feb 2012	N/A	-	31 Mar 2014
	2012 market performance objective ⁽³⁾	98,639	9 Feb 2012	N/A	-	30 Jun 2014
William Bent	2011 non-market strategic objective	23,844	31 Mar 2011	72%	28%	31 Dec 2012
	2011 market performance objective ⁽⁴⁾	23,844	31 Mar 2011	0%	100%	30 Jun 2013
	2012 non-market strategic objectives ⁽⁵⁾	83,843	9 Feb 2012	0%	100%	31 Dec 2013
	2012 market performance objective ⁽⁵⁾	83,843	9 Feb 2012	0%	100%	31 Dec 2013
Luis Nepomuceno	2011 non-market strategic objective	57,801	31 Mar 2011	72%	28%	16 Jan 2012
	2011 market performance objective ⁽⁴⁾	57,801	31 Mar 2011	0%	100%	30 Jun 2013

⁽¹⁾ The % forfeited/cancelled in the year represents the reduction from the maximum number of rights available to vest due to performance criteria not being achieved.

⁽²⁾ Performance condition to be re-tested by 31 March 2013. If conditions are not met, performance rights will be forfeited.

⁽³⁾ Performance condition to be re-tested by 30 June 2013. If conditions are not met, performance rights will be forfeited.

⁽⁴⁾ These performance rights were cancelled by the Committee on 25 September 2012 due to non-achievement of performance conditions.

⁽⁵⁾ These performance rights were forfeited on 23 January 2013.

⁽⁶⁾ Subject to a twelve month service condition.

1.8.3.4 Options granted as remuneration

There were no options over ordinary shares in the Company that were granted as remuneration to KMPs during and since the year ended 31 December 2012. No terms of equity-settled share based payment transactions have been altered or modified during the financial period.

1.9 Unaudited Non-IFRS Reconciliation

EBITDA Reconciliation

The following table reflects a reconciliation of the Group's EBITDA to the Consolidated Statement of Comprehensive Income:

	31 December 2012	31 December 2011	31 December 2010
	US\$000	US\$000	US\$000
Loss for the period per Consolidated Statement of Comprehensive Income	(452,875)	(50,761)	(47,618)
Add back:			
Income tax expense	-	-	6,331
Impairment of property, plant and equipment	380,000	-	-
Depreciation, amortisation and depletion	64,765	52,829	37,178
Financial expense	43,431	38,843	22,113
Net derivative loss	-	-	21,318
Net foreign exchange loss	9,868	-	-
Other expenses net	6,687	12,324	4,027
Less:			
Income tax benefit	-	(2,369)	-
Financial Income	(6,549)	(3,175)	(996)
Net derivative gain	-	(249)	-
Net foreign exchange gain	-	(32,827)	(6,608)
EBITDA	45,327	14,615	35,745

Production Unit Cash Costs Reconciliation

	31 December 2012	31 December 2011	31 December 2010
	US\$000	US\$000	US\$000
Gross (loss)/profit per Consolidated Statement of Comprehensive Income	(6,757)	(27,888)	7,847
Add back:			
Royalties	14,978	15,617	10,314
Depreciation, amortization and depletion	64,765	52,829	37,178
Direct concentrate stockpile movement	6,326	-	-
Copper Hedge expense	1,373	844	-
Less:			
Nickel sales revenue	(300,550)	(263,985)	(189,674)
Direct concentrate stockpile movement	-	(3,570)	(8,169)
Total cash operating cost of production	219,865	226,153	142,504
Payable nickel (pounds)	37,777,448	31,107,699	20,357,702
Unit Cash Cost (US\$) per pound of payable nickel	5.82	7.27	7.00

The above reconciliations should be read in conjunction with Table 6 of this remuneration report.

Schedule 2 – Amendment to Constitution For Annual Election of Directors

The following provisions are to be inserted as a new Rule 7.3A to the Constitution of Mirabela Nickel Limited.

7.3A Vacation of Office – Toronto Stock Exchange Requirements

(a) Interpretation

(i) In this rule 7.3A:

(A) **TSX** means the Toronto Stock Exchange operated by the TSX Group Inc. and including any other securities exchanges or markets operated by TSX Group Inc.; and

(B) **TSX Rules** means the official rules, manuals and other operating requirements of the TSX from time to time, including but not limited to the TSX Company Manual.

(ii) Notwithstanding any other provisions of this Constitution to the contrary, this rule 7.3A applies only during such time as the Company is admitted to the TSX and subject to the TSX Rules.

(iii) If any conflict or inconsistency arises between this rule 7.3A and any other Rule of this Constitution, this rule 7.3A will prevail to the extent of such conflict or inconsistency.

(b) Annual Retirement

(i) Subject to rule 7.3A(b)(ii), at each AGM:

(A) all Directors (including the managing director) (**Retiring Directors**) must retire from office immediately before the election of directors under rule 7.3A(b)(i)(C);

(B) all Retiring Directors are eligible for re-election at the AGM; and

(C) resolutions to elect those Retiring Directors that have offered themselves for re-election must be put to a vote of Members entitled to vote at the AGM for the election of Directors (**Voting Members**).

(ii) In the event that the Company fails to elect or re-elect (as the case may be) at least 3 Directors at an AGM, the following provisions will apply:

(A) the retirement of those Retiring Directors who prior to the AGM offered themselves for re-election at the AGM will be deemed not to take effect until the close of the general meeting referred to in rule 7.3A(b)(ii)(B) (**Caretaker Directors**);

(B) the Caretaker Directors must, as soon as possible, call and convene a further general meeting of the Company in accordance with the Constitution and the Corporations Act, for the purposes of electing Directors (**Second Meeting**);

(C) until the Second Meeting is convened, the Caretaker Directors must only exercise those powers and duties of a Director of the Company under this Constitution and the Corporations Act to the minimum extent required:

- (1) *to call and convene the Second Meeting; and*
- (2) *to ensure the Company complies with its legal and contractual obligations;*
- (D) *a Retiring Director is eligible for election as a Director at the Second Meeting; and*
- (E) *resolutions to elect persons that have offered themselves for election must be put to a vote of Members entitled to vote at the Second Meeting.*

Schedule 3 – Amendment to Constitution For Proportional Takeover Provisions

The following provisions are proposed to be inserted (and re-instated) as Schedule 3 of the Constitution of Mirabela Nickel Limited.

SCHEDULE 3

PROPORTIONAL TAKEOVER BID

1. PLEBISCITE TO APPROVE PROPORTIONAL TAKEOVER BIDS

1.1 Definitions

In this rule 1:

- (a) *approving resolution, in relation to a proportional takeover bid, means a resolution to approve the proportional takeover bid passed in accordance with rule 1.3;*
- (b) *proportional takeover bid means a takeover bid that is made or purports to be made under section 618(1)(b) of the Corporations Act in respect of securities included in a class of securities in the company;*
- (c) *relevant class, in relation to a proportional takeover bid, means the class of securities in the company in respect of which offers are made under the proportional takeover bid; and*
- (d) *approving resolution deadline, in relation to a proportional takeover bid, means the day that is 14 days before last day of the bid period.*

1.2 Transfers not to be Registered

Despite rules 4.3 and 4.6, a transfer giving effect to a contract resulting from the acceptance of an offer made under a proportional takeover bid must not be registered unless and until an approving resolution to approve the proportional takeover bid has been passed or is taken to have been passed in accordance with rule 1.3.

1.3 Resolution

- (a) *Where offers have been made under a proportional takeover bid, the directors must:*
 - (i) *convene a meeting of the persons entitled to vote on the approving resolution for the purpose of considering and, if thought fit, passing a resolution to approve the proportional takeover bid; and*
 - (ii) *ensure that such a resolution is voted on in accordance with this rule 1.3, before the approving resolution deadline.*
- (b) *The provisions of this constitution relating to general meetings apply, so far as they can and with such changes as are necessary, to a meeting that is convened pursuant to rule 1.3(a).*
- (c) *The bidder under a proportional takeover bid and any associates of the bidder are not entitled to vote on the approving resolution and if they do vote, their votes must not be counted.*
- (d) *Subject to rule 1.3(c), a person who, as at the end of the day on which the first offer under the proportional takeover bid was made, held securities of the relevant class is entitled to vote on the approving resolution relating to the proportional takeover bid and, for the purposes of so voting, is entitled to 1 vote for each such security held at that time.*

- (e) *An approving resolution is to be taken as passed if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than one half, and otherwise is to be taken to have been rejected.*
- (f) *If an approving resolution has not been voted on in accordance with this rule 1.3 before the approving resolution deadline, an approving resolution will be taken to have been passed in accordance with this rule 1.3 on the approving resolution deadline.*

1.4 Sunset

Rules 1.1, 1.2 and 1.3, cease to have effect at the end of 3 years beginning:

- (a) *where those rules have not been renewed in accordance with the Corporations Act, on the date that those rules were adopted by the company; or*
- (b) *where those rules have been renewed in accordance with the Corporations Act, on the date those rules were last renewed.*

Annexure A – 2013 Mirabela Nickel Limited Long Term Incentive Plan Grant Rules

1 Definitions and interpretation

1.1 Definitions

In these Grant Rules unless the contrary intention appears, terms defined in the Corporations Act or the Listing Rules and not otherwise defined in these Grant Rules are deemed to have the meanings ascribed to them in the Corporations Act or the Listing Rules (as the case may be), and:

Accounts Date means 31 March, 30 June, 30 September or 31 December each year during the Performance Period.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given to it in sections 10 to 17 of the Corporations Act.

ASX means the Australian Securities Exchange as operated by ASX Limited (ABN 98 008 624 691).

Board means the board of Directors as it may be constituted from time to time, or where appropriate, a committee of the board of Directors.

Bonus Issue means an issue of Shares to shareholders of the Company on a pro-rata basis by way of capitalisation of profits or reserves (other than an issue in lieu of dividends).

Buy-Back means the purchase by the Company of Satisfied Performance Rights prior to their conversion to Performance Based Shares, or the buy-back by the Company of Performance Based Shares, pursuant to **rule 12(a)**.

Change Date means the date from which:

- (a) the Participant:
 - (i) dies or sustains a Permanent Disablement;
 - (ii) ceases to be employed or engaged by a Group Company through a bona fide retirement; or
 - (iii) is made redundant by a Group Company, or
- (b) the Participant's Employment Terms is terminated.

Change of Control means where:

- (a) a person, or a group of Associated persons, become entitled to sufficient Shares to give that person or persons the ability, in a general meeting, to replace all or a majority of the Board; or
- (b) a takeover bid (as defined in section 9 of Corporations Act):
 - (i) is announced; and
 - (ii) has become unconditional through acceptance of all or a majority of shareholders of the Company, or
- (c) a Court (as defined in section 58AA of Corporations Act) orders 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 approve the proposed compromise or arrangement at that meeting.

Company means Mirabela Nickel Limited (ABN 23 108 161 593).

Constitution means the constitution of the Company.

Corporations Act means the Australian *Corporations Act 2001* (Cth).

Director means a director of the Company.

Eligible Employee means a person who, as at the Offer Date, is:

- (a) a full-time or permanent part-time employee of a Group Company who has finished his/her Probation Period; or
- (b) an executive Director,

other than any such person who has given notice of resignation, or who has been given notice of termination, of his or her employment, or has been removed from his or her position.

Eligible Person means any person selected by the Board and includes an Eligible Employee and a Grantee.

Employment Terms means a Participant's terms of employment or engagement with the Company.

Grant has the meaning given to it in **rule 5.1(a)**.

Grant Rules mean the rules as defined in this document.

Grantee means a person who the Board deems to be an Eligible Person.

Group Company means any one of the Company or a subsidiary of the Company and includes Mirabela Mineração.

Incentive Scheme means a share, performance right or option scheme extended to any or all of the employees and/or directors of any Group Company, and includes the Plan.

Insider means an Eligible Person who is an "insider" of the Company as defined in the TSX Company Manual.

Listing Rules means, if at the applicable time the Shares are listed on the ASX, the official Listing Rules of the ASX and, if at the applicable time the Shares are listed on the TSX, the TSX Rules.

Mirabela Mineração means Mirabela Mineração do Brasil Ltda.

Offer has the meaning given to it in **rule 4.1(a)**.

Offer Date means the date decided annually by the Board to be the record cut-off date for all Offers.

Offer Letter means the letter of Offer provided to an Eligible Person.

Participant means a person who, at the relevant time, holds one or more Performance Rights.

Permanent Disablement means the illness or incapacity of the Eligible Person necessitating the permanent withdrawal of the Eligible Person from the work force, as accepted to the satisfaction of the Board. In addition, included in this definition will be any other circumstances which the Board considered should be treated as Permanent Disablement for the purposes of the Plan.

Performance Based Share means any Share issued pursuant to the Plan in accordance with **rule 10(a)** of these Grant Rules.

Performance Condition means in relation to each Performance Right, the performance-related conditions which must be satisfied, or circumstances which must exist, as at the Testing Date before a Performance Based Share is allotted to a Participant.

Performance Period means the period during which the Performance Conditions are being performed.

Performance Right means a performance based right granted under the Plan, that subject to **rule 11.1(a)**, will convert to a Performance Based Share in accordance with these Grant Rules and the Terms and Conditions.

Plan means the Company's Long Term Incentive Plan approved by shareholders on 30 May 2013.

Probation Period means the period of time specified in the Employment Terms.

Satisfied Performance Right means a Performance Right which, following Testing, has been determined by the Board, in its sole discretion, to be satisfied (either in whole or in part).

Securities Trading Policy means any policy established by the Company applicable to trading in securities of the Company.

Security Interest means any mortgage, pledge, charge, lien, encumbrance, assignment, security, interest, preferential right, set-off or any other security arrangement.

Serious Misconduct means conduct which provides the Company with the right to terminate a Participant's employment or engagement pursuant to the Employment Terms for a Participant based in Australia and includes:

- (a) wilful or deliberate behaviour which is inconsistent with the continuation of employment or engagement;
- (b) conduct that causes serious and imminent risk to:
 - (i) the health or safety of a person; or
 - (ii) the reputation, viability or profitability of the Company's business;
- (c) theft, fraud or assault during the course of employment or engagement;
- (d) breach of any Insider trading laws or the Securities Trading Policy;
- (e) any refusal to carry out a lawful and reasonable instruction that is consistent with the Employment Terms; or
- (f) falsification of qualifications and previous work experience.

Shares means fully paid ordinary shares in the capital of the Company.

Terms and Conditions means the terms and conditions applying to the Grant relevant to a Performance Period as issued by the Company at the time of making an Offer.

Testing or Test means the testing as to whether the Performance Conditions applying to a Performance Right for the relevant Performance Period have been satisfied (either in whole or in part) and in the appropriate manner.

Testing Date means the date when a satisfaction of a Performance Condition is evaluated as set out in the Terms and Conditions.

TSX means the Toronto Stock Exchange.

TSX Company Manual means the publication of that name issued by the TSX.

TSX Rules means the rules and policies of the TSX including in particular those contained in the TSX Company Manual.

Unsatisfied Performance Right means a Performance Right which, following Testing, has been determined by the Board, in its sole discretion, not to be satisfied (either in whole or in part).

Vesting Date has the meaning given to it in **rule 11.1(b)**.

Withholding Tax Amount has the meaning given to it in **rule 17(c)**.

1.2 Interpretation

- (a) Unless the contrary intention appears, in these Grant Rules:
 - (i) a reference to any thing is a reference to the whole and each part of it;
 - (ii) a reference to a document (including these Grant Rules) includes any variation, supplement or replacement of it (including by way of novation);
 - (iii) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;
 - (iv) the word "person" means a natural person and does not include a firm, a body corporate, an unincorporated association or an authority;
 - (v) a reference to a particular person includes the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
 - (vi) the singular includes the plural and vice versa;
 - (vii) words importing gender means either gender;

- (viii) a reference to an offer, issue or distribution to the Company's shareholders generally is a reference to an offer, issue or distribution to the generality of the Company's shareholders, whether or not such offer, issue or distribution is extended to the holders of other securities issued by the Company and whether or not such offer, issue or distribution excluded persons in particular places outside Australia or other minority groups who may for a particular reason be precluded from participating;
 - (ix) a reference to a power, right or discretion being exercisable by the Board is taken to be a reference to that power, right or discretion being exercisable by a delegate of the Board;
 - (x) a reference to \$ or dollars is a reference to the lawful currency of Australia and a reference to R\$ or reals is a reference to the lawful currency of Brazil;
 - (xi) a reference to a "rule" is to the relevant rule in these Grant Rules; and
 - (xii) any phrase introduced by the term "including" or "includes" will be construed as illustrative only and will not limit the sense of the words which precede that term.
- (b) Headings are for convenience only and do not affect the interpretation of these Grant Rules.
 - (c) Where any calculation or adjustment to be made pursuant to these Grant Rules, produces a fraction of a cent or a fraction of a share, the fraction will be rounded to the nearest whole number, favourable to the Participant.
 - (d) These Grant Rules, the Terms and Conditions, the Offer and Grant, and the issue of any Performance Based Shares will, at all times, be subject to the Constitution, the Listing Rules, the Corporations Act and any other applicable laws.

2 The Plan

2.1 Purpose

The purpose of the Plan is to:

- (a) attract quality Eligible Persons;
- (b) motivate Eligible Persons and retain Eligible Employees;
- (c) align the interests of Eligible Persons and the Company;
- (d) increase shareholder value by motivating Eligible Persons; and
- (e) provide Eligible Persons with an opportunity to share in the success of the Company by acquiring an ownership interest in the Company.

2.2 Administration

- (a) The Plan will be administered by the Board which will have the power to:
 - (i) determine appropriate procedures for administration of the Plan consistent with these Grant Rules;
 - (ii) resolve conclusively all questions of fact or interpretation in connection with the Terms and Conditions and these Grant Rules; and
 - (iii) delegate such functions and powers as it may consider appropriate for the efficient administration of the Plan to a person or persons.
- (b) The Company, at the Board's sole discretion, may grant Performance Rights to Eligible Persons (including Eligible Persons who are resident outside of Australia), and make rules, and determine procedures and documentation, for the operation of the Plan which are not inconsistent with these

Grant Rules to apply to Eligible Persons (including Eligible Persons who are resident outside of Australia).

- (c) For so long as the Company is admitted to the official list of ASX, Performance Rights may not be offered to a Director or his or her Associates except where approval is given by the shareholders of the Company in general meeting in accordance with the requirements of the Listing Rules.
- (d) Except as otherwise expressly provided in these Grant Rules and the Terms and Conditions, the Board has absolute and unfettered discretion to act or refrain from acting under, or in connection with, the Plan or any Performance Right and in the exercise of any power or discretion granted to it under these Grant Rules and the Terms and Conditions.

2.3 Operation

In accordance with these Grant Rules, the Board will determine:

- (a) at the commencement of a Performance Period the Performance Conditions which will apply for that Performance Period; and
- (b) at the end of that Performance Period and following Testing:
 - (i) whether the Performance Conditions have been satisfied (either in whole or in part); and
 - (ii) the number of Performance Based Shares which will be issued or transferred to Eligible Persons (if any).

2.4 No Extension of rights to a Participant

The Plan:

- (a) does not confer on any Participant the right to continue:
 - (i) as an employee or officer (as the case may be) of; or
 - (ii) the engagement with,
the Company or any Group Company;
- (b) is separate to, and does not amend, the Employment Terms of a Participant;
- (c) does not affect any rights which any Group Company may have to terminate the employment or office or engagement of a Participant;
- (d) may not be used to increase damages in any action brought against any Group Company in respect of the termination of the employment or office or engagement of a Participant; and
- (e) will not form part of any contract between a Group Company and any Participant and will not confer directly or indirectly on any Participant any legal or equitable rights whatsoever against a Group Company (other than the rights conferred upon the Participant under these Grant Rules and the Terms and Conditions).

2.5 Trust

The Board may, in its sole discretion, use an employee share trust or other mechanism for the purposes of holding Shares under the Plan.

3 Eligibility and Participation

- (a) To participate in the Plan, a person must be an Eligible Person.
- (b) Eligibility to participate in the Plan does not confer a right to participate in the Plan.
- (c) Participation in the Plan will solely be determined by the Board in accordance with these Grant Rules.

4 Offer and Acceptance

4.1 Offer

- (a) The Board may, in its absolute discretion, from time to time offer Performance Rights to any Eligible Person upon the terms set out in these Grant Rules and the Terms and Conditions (*Offer*).
- (b) The number and terms of the Performance Rights (if any) to be offered to any Eligible Person, will be determined by the Board in its discretion, subject to these Grant Rules and the Terms and Conditions.
- (c) The Board will set out in an Offer Letter for each Offer the Performance Conditions and other similar terms of the Plan attached to each Performance Right for the relevant Grant.

4.2 Offer structure

- (a) Each Offer pursuant to the Plan will:
 - (i) be in writing;
 - (ii) be made in accordance with the Corporations Act, the Listing Rules, these Grant Rules, the Terms and Conditions and any other applicable laws; and
 - (iii) otherwise be on the terms which the Board may, in its sole discretion, determine.
- (b) Each Offer must be accompanied by:
 - (i) a copy of these Grant Rules;
 - (ii) the Terms and Conditions;
 - (iii) the Securities Trading Policy; and
 - (iv) such documents and undertakings as may be required by ASIC, the Corporations Act or the Listing Rules.

4.3 Information to be provided

Each Eligible Person who receives an Offer will be advised of the following minimum information regarding that Offer:

- (a) the number of Performance Rights being offered;
- (b) the Testing Date;
- (c) the Performance Conditions and the basis for calculation of the Performance Conditions;
- (d) the duration of the Performance Period;
- (e) any other relevant conditions to be attached to the Performance Rights or any future Performance Based Share (including the Vesting Date); and
- (f) any other information required under any applicable law or regulation.

4.4 Acceptance

An Eligible Person who receives an Offer and wishes to accept the Offer must deliver written notice of acceptance to the Company within the timescales, and in accordance with the instructions, set out in the Offer Letter.

5 Performance Rights

5.1 Grant

- (a) Upon receipt by the Company of written notice of acceptance of an Offer by the relevant Eligible Person, the Company will grant Performance Rights to that Eligible Person in accordance with the

accepted Offer, and the Eligible Person will become a Participant, irrevocably bound by these Grant Rules and the Terms and Conditions (**Grant**).

- (b) Each Performance Right will be granted to the Participant for no consideration.
- (c) The Offer will lapse if not accepted within the time set out in the Offer Letter.

5.2 Reason

- (a) The Board considers the issue of the Performance Rights an attractive incentive package that requires high level performance by Eligible Persons to achieve full conversion of Performance Rights into Performance Based Shares.
- (b) Eligible Persons have an overriding obligation to achieve sustainable and viable business outcomes in the best interests of the Company and its shareholders and this obligation must not be compromised in the pursuit of technically satisfying specific Performance Conditions.

5.3 Restrictions

- (a) Both the Offer and any Performance Rights the subject of a Grant will be personal and contractual and will not be assignable other than as provided in these Grant Rules.
- (b) The Performance Rights will not be listed on any stock exchange.
- (c) A Participant has no legal or equitable interest in a Share by virtue of acquiring a Performance Right.
- (d) Except on the death of a Participant and without prejudice to **rule 13.2**:
 - (i) Participants must not grant a Security Interest in or over, or otherwise dispose of or deal with, any Performance Rights or any interest in them until the underlying Performance Based Shares are either issued or transferred to that Participant, and any purported Security Interest or disposal or dealing in the Performance Rights will not be recognised in any manner by the Company; and
 - (ii) Performance Rights may not be transferred, assigned or novated except with the prior approval of the Board.
- (e) Performance Rights will not confer upon the Participant the right to dividends or to vote as a shareholder of the Company until the issuing of Performance Based Shares to the Participant in accordance with **rule 10(a)**.

6 Maximum Number of Performance Rights

6.1 General

- (a) An Offer may only be made under the Plan if the number of Shares that may be acquired as Performance Based Shares, when aggregated with the number of Shares:
 - (i) issuable if each outstanding offer (including an Offer), right or option to acquire unissued Shares, made or acquired pursuant to the Plan (in any previous Performance Periods) or any Incentive Scheme, was accepted or exercised (as the case may be); or
 - (ii) issued during the previous five years pursuant to the Plan or any other Incentive Scheme;but disregarding an offer made, or Performance Right acquired or Share issued by way of or as a result of:
 - (iii) an offer to a person situated at the time of receipt of the offer outside Australia;
 - (iv) an offer that did not need disclosure to investors because of section 708 of the Corporations Act (section 708 exempts the requirement of a disclosure document for the issue of securities

in certain circumstances to investors who are deemed to have sufficient investment knowledge to make informed decisions, including professional investors, sophisticated investors and senior managers of the Company); or

- (v) an offer made under a disclosure document,

does not exceed that number of Shares that is 5% (or such other maximum permitted under any ASIC class order providing relief from the disclosure regime of the Corporations Act) of the total number of issued Shares as at the time of the Offer.

- (b) Where a Performance Right becomes an Unsatisfied Performance Right, the number of Performance Based Shares which would have been otherwise allotted (if had become a Satisfied Performance Right) will be excluded from any calculation under this rule 6 for subsequent Offers.

6.2 Insiders

For so long as the TSX Rules apply to the Company, the maximum number of Shares that may be:

- (a) issued to Insiders of the Company, within any one year period; and
- (b) issuable to Insiders of the Company, at any time,

pursuant to the Plan or when combined with any other security based compensation arrangement of the Company must not exceed 10% of the total number of Shares issued and outstanding.

7 Participant Rights and Acknowledgment

- (a) All Participants will be entitled to the benefit of, and will be bound by the terms and conditions of, these Grant Rules and the Terms and Conditions, and any amendments to those documents.
- (b) Whenever the Board exercises its discretion pursuant to these Grant Rules and/or the Terms and Conditions, the exercise of that discretion will be in the sole and absolute discretion of the Board and each decision will be conclusive, final and binding upon Participants.
- (c) If, during the term of any Performance Right, securities of any other corporation are offered or otherwise made available to the Company's shareholders generally, the Company will use its best endeavours to ensure that each Participant is given an opportunity to participate on the same basis as if the Performance Rights then held by him or her had been converted to Performance Based Shares.
- (d) The Participant acknowledges that:
 - (i) in respect of **rule 7(c)**, there are no participation rights or entitlements inherent in the Performance Rights;
 - (ii) the Board retains overriding discretion as to whether Performance Conditions are achieved or achieved in the right manner;
 - (iii) a Performance Right has no redeemable cash value before it becomes a Performance Based Share in accordance with **rule 10(a)**; and
 - (iv) an Offer made in relation to a Performance Period does not in any way create an obligation on the Board to make a subsequent Offer in relation to any subsequent Performance Period or any other Incentive Scheme.

8 Performance Conditions

8.1 General

A Performance Right granted under the Plan may contain Performance Conditions, which will be specified in the Terms and Conditions, in respect of that Performance Right.

8.2 Subject to Testing

- (a) Satisfaction of the Performance Conditions will be tested by the Board within and by the time specified in the Terms and Conditions.
- (b) Only a Satisfied Performance Right will convert to a Performance Based Share.

8.3 Waiver

- (a) Any Performance Condition imposed by the Board may subsequently be waived in whole or in part by the Company by notice in writing to the Participant.
- (b) Where any Performance Condition is waived (in whole or in part) under **rule 8.3(a)**, that Performance Condition (or a portion of that Performance Condition, as applicable) will be deemed to be satisfied when Testing occurs.
- (c) Where a Participant has ceased to be an Eligible Person, the Company may waive a Performance Condition (in whole or in part) in which case that waiver will be deemed to have occurred while the Participant remained an Eligible Person

9 Testing

9.1 General

Testing will be:

- (a) undertaken by the Board; and
- (b) as at:
 - (i) the Testing Date; or
 - (ii) where **rules 13.2, 13.3, 13.5(b)(ii)(B) or 13.6(b)(ii)(B)** apply, the Accounts Date which immediately precedes the Change Date.

9.2 Participant remains a Participant

Where the Participant remains a Participant as at the Testing Date (including under **rule 13.1**) and the Board determines, following Testing, that a Performance Right is:

- (a) a Satisfied Performance Right, then the Company will notify the Participant in writing of the number of Performance Rights held by the Participant that have been satisfied; or
- (b) an Unsatisfied Performance Right, then the Company will notify the Participant in writing of the number of Performance Rights held by the Participant that have not been satisfied.

9.3 Participant treated as a Participant

Where **rules 13.2, 13.3, 13.5(b)(ii)(B) or 13.6(b)(ii)(B)** apply, the Board may determine in its sole discretion that a Performance Right held by the Participant before the Change Date has become either:

- (a) a Satisfied Performance Right, in which case the Company will notify the Participant in writing of the number of Performance Rights held by the Participant that have been satisfied; or
- (b) an Unsatisfied Performance Right, in which case the Company will notify the Participant in writing of the number of Performance Rights held by the Participant that have not been satisfied.

9.4 No determination

In the absence of any determination in accordance with **rules 9.2 or 9.3**, any Performance Rights held by a Participant will be deemed as Unsatisfied Performance Rights.

10 Conversion and Cancellation

- (a) A Satisfied Performance Right will convert into a Performance Based Share in accordance with **rule 11.1** below.
- (b) An Unsatisfied Performance Right will automatically cancel.

11 Performance Based Shares

11.1 Issuing of Performance Based Shares

With respect to each Satisfied Performance Right,

- (a) the procedure for allotment of a corresponding Performance Based Share will be determined by the Board;
- (b) each Performance Based Share will vest on the date specified in the Terms and Conditions for the relevant Performance Period (***Vesting Date***);
- (c) no consideration is payable by a Participant upon conversion of a Performance Right to a Satisfied Performance Right and the subsequent issue or transfer of a Performance Based Share;
- (d) the Company must issue to, or transfer to, the Participant or his or her personal representative (as the case may be) the Performance Based Shares to which he or she is entitled under these Grant Rules and the Terms and Conditions within the time period specified in the Terms and Conditions; and
- (e) the Board may cause Shares to be acquired on ASX for the purposes of transferring Performance Based Shares to a Participant in accordance with **rule 11.1(d)**.

11.2 Share ranking

All Performance Based Shares issued under these Grant Rules will rank equally in all respects with all previously issued Shares for the time being on issue except as regards to any entitlements attaching to such Shares by reference to a record date that is prior to the date of allotment of Performance Based Shares.

11.3 Listing of Performance Based Shares on ASX

The Company will apply to the ASX for quotation of all Performance Based Shares issued under the Plan in accordance with these Grant Rules and the Terms and Conditions within the time period specified in the Terms and Conditions.

11.4 Compliance with all applicable laws

The Company will issue a Performance Based Share where the issue or transfer does not contravene the Corporations Act, the Listing Rules or the Securities Trading Policy.

12 Buy-Back

- (a) Subject to compliance with applicable securities laws, the Company may, at the Board's sole discretion and at any time, Buy-Back Performance Rights or Performance Based Shares for an amount agreed with the Participant.
- (b) Each Participant will do all acts, matters and things which are necessary or desirable to give effect to any Buy-Back of his or her Performance Rights or Performance Based Shares.

13 Life events

13.1 Approved leave of absence

Subject to all applicable laws, unless otherwise resolved by the Board, a Participant granted an approved leave of absence who commences leave of absence before the Testing Date will remain a Participant.

13.2 Death or permanent disablement

Where a Participant ceases to be an Eligible Person due to death or Permanent Disablement before Testing occurs, that Participant will continue to be treated by the Company as a Participant.

13.3 Retirement

Where a Participant ceases to be an Eligible Person due to bona fide retirement before Testing occurs, and unless the Board determines otherwise, that Participant will continue to be treated by the Company as a Participant.

13.4 Resignation

Where a Participant ceases to be an Eligible Person due to resignation before Testing occurs, all Performance Rights then held by that Participant will be deemed to be Unsatisfied Performance Rights and will immediately be cancelled on the resignation date.

13.5 Termination of employment - Brazil

(a) This **rule 13.5** will only apply to Participants who are based in Brazil.

(b) Where a Participant:

(i) within six months of the beginning of the Performance Period, ceases to be an Eligible Person due to termination:

(A) with cause; or

(B) without cause,

all of the Performance Rights then held by that Participant will be deemed Unsatisfied Performance Rights and will immediately be cancelled on the Change Date; or

(ii) at any time six months after the beginning of the Performance Period but before the Testing Date:

(A) ceases to be an Eligible Person due to termination with cause, all of the Performance Rights then held by that Participant will be deemed Unsatisfied Performance Rights and will immediately be cancelled on the Change Date; or

(B) ceases to be an Eligible Person due to termination without cause, that Participant will continue to be treated by the Company as a Participant.

13.6 Termination of employment - Australia

(a) This **rule 13.6** will only apply to Participants who are based in Australia.

(b) Where a Participant:

(i) within six months of the beginning of the Performance Period, ceases to be an Eligible Person due to termination:

(A) for Serious Misconduct; or

(B) for any other reason,

all of the Performance Rights then held by that Participant will be deemed Unsatisfied Performance Rights and will immediately be cancelled on the Change Date; or

- (ii) at any time six months after the beginning of the Performance Period but before the Testing Date, ceases to be an Eligible Person due to termination by the Company:
 - (A) for Serious Misconduct, all of the Performance Rights then held by that Participant will be deemed Unsatisfied Performance Rights and will immediately be cancelled on the Change Date; or
 - (B) for any other reason, that Participant will continue to be treated by the Company as a Participant.

13.7 Other events

If a Participant ceases to be an Eligible Person for any reason before Testing under the Plan other than those events contemplated by **rules 13.1 to 13.6**, inclusive, all Performance Rights then held by the Participant will immediately be cancelled unless otherwise determined by the Board.

13.8 No right to pro-rata

Any Participant who ceases to be an Eligible Person by virtue of the events contemplated by **rules 13.4, 13.5(b)(i), 13.5(b)(ii)(A), 13.6(b)(i), 13.6(b)(ii)(A)** or **13.7** will not be entitled to any payment or any pro-rata distribution for any period of employment or engagement prior to the time of cessation.

13.9 Employment Terms and the Offer

- (a) This **rule 13.9** will only apply to Participants who are based in Australia.
- (b) Without prejudice to **rule 2.4(b)**, where the events contemplated by **rules 13.1 to 13.6**, inclusive, are expressly covered in a Participant's Employment Terms in relation to Incentive Schemes or in the Offer, the provisions of this **rule 13** will not apply to that Participant.

14 Change of Control

Where a Change of Control occurs, all Performance Rights then held by a Participant will automatically be deemed to be Satisfied Performance Rights and will convert into Performance Based Shares in accordance with **rule 10(a)**.

15 Issues and Adjustments

15.1 Pro-rata issue of securities

- (a) Subject to the Corporations Act and the Listing Rules, 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 Participant will only be entitled to participate in the rights issue if the Participant's Performance Rights are converted to Performance Based Shares prior to the record date for determining entitlements under the pro-rata issue.
- (b) A Participant will not be entitled to any adjustment to the number of Performance Based Shares he or she is entitled to 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.

15.2 Adjustment for Bonus Issue

If, during the Performance Period for any Performance Right, securities are issued pro-rata to the Company's shareholders generally (otherwise than pursuant to any Incentive Scheme) by way of a Bonus Issue, the number of Performance Based Shares each Participant is then entitled to, will be increased by that number of securities which the Participant would have been issued if the Satisfied Performance Rights then held by the Participant were converted to Performance Based Shares immediately prior to the record date for the Bonus Issue.

15.3 Adjustment for reconstruction

In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company (not being a reconstruction referred to in **rules 15.1 and 15.2**), the number of Performance Rights will be reconstructed (as appropriate) in accordance with the Listing Rules (applying at that time) and in a manner which will not result in any additional benefits being conferred on a Participant which is not conferred on holders of Shares generally, but in all other respects the terms of exercise will remain unchanged.

15.4 Accumulation of adjustments

Rules 15.1, 15.2 and 15.3 are cumulative and will apply (without duplication) to successive issues, subdivisions, combinations, consolidations, distributions and any other events that require adjustment of the number of Shares or the number or kind of securities that can be acquired upon the exercise of Performance Rights.

16 Amendments

16.1 Power to amend without shareholder approval

Subject to **rule 16.2**, the Listing Rules and applicable law, the Board may amend the Plan, the Terms and Conditions and these Grant Rules, or the terms of any granted Performance Rights, without prior shareholder approval to:

- (a) make amendments of a “housekeeping” or immaterial nature:
 - (i) including any amendment for the purpose of curing any ambiguity, error or omission in the Plan, the Terms and Conditions or any Grant Rules; or
 - (ii) to correct or supplement any provision of the Plan, the Terms and Conditions or any Grant Rules that is inconsistent with any other provision of the Plan, the Terms and Conditions or any Grant Rules;
- (b) make amendments necessary to comply with the provisions of applicable law (including the Listing Rules);
- (c) make amendments respecting administration of the Plan;
- (d) amendments respecting termination provisions of the Plan or the Grant Rules;
- (e) include or modify a cashless exercise feature;
- (f) without prejudice to **rule 16.4**, make amendments necessary to suspend or terminate the Plan;
- (g) make amendments to address possible or actual adverse tax implications to the Company 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
- (h) make any other amendment, whether fundamental or otherwise, not requiring shareholder approval under **rule 16.2** or applicable law (including the Listing Rules).

16.2 Restrictions on amendments

Notwithstanding **rule 16.1**, for so long as the Company is subject to the TSX Rules, shareholder approval in accordance with the TSX Rules will be required to make:

- (a) amendments to the maximum number of Performance Rights issuable under the Plan;
- (b) any amendment which reduces the value of a Performance Right or allows the cancellation and reissuance of a Performance Based Share at a lower value, in either case, such amendment benefits an Insider;

- (c) any amendment extending the term of a Performance Right held by an Insider beyond its original vesting date if such amendment benefits an Insider;
- (d) any amendment to remove or exceed the Insider participation limit set out in **rule 6.2**;
- (e) any amendment to this **rule 16.2** of these Grant Rules; and
- (f) amendments required to be approved by shareholders under applicable law (including the Listing Rules).

16.3 Notice of amendment

As soon as reasonably practicable after suspending or terminating the Plan or making any amendment under **rule 16.1** or **16.2**, the Board will give notice in writing of that occurrence to any Participant affected by those changes.

16.4 Suspension and termination

Subject to **rule 16.5**, the Board may terminate or suspend the Plan at any time provided that such termination or suspension does not affect the rights of Participants who were granted Performance Rights prior to such termination or suspension.

16.5 Cancellation of Performance Rights

Notwithstanding any other provisions of these Terms and Conditions, if the Board determines that some or all of the Performance Rights granted to a Participant should be cancelled on a specified date or on the occurrence of a particular event, then the Board may cancel those Performance Rights on the relevant date or on the occurrence of the particular event (as the case may be) for no consideration.

17 Taxation

- (a) The Company and its Directors do not, nor does Mirabela Mineração, accept any responsibility or assume any liability for the taxation liabilities of the Participants that arise in respect of the grant of Performance Rights or the issue and/or quotation of Performance Based Shares on the ASX.
- (b) Upon the conversion of a Satisfied Performance Right to a Performance Based Share, the Participant must make arrangements satisfactory to the Company regarding payment of any federal, state, provincial, local or other taxes of any kind required by law to be paid in connection with the conversion of the Satisfied Performance Right to a performance Based Share.
- (c) In order to satisfy any obligation to remit an amount to a taxation authority on account of any taxes in respect of the conversion, transfer or other disposition of a Satisfied Performance Right to a Performance Based Share (***Withholding Tax Amount***), the Company will have the right, at its discretion, to:
 - (i) retain and withhold amounts from any amount or amounts owing to the Participant, whether under this Plan or otherwise;
 - (ii) require the Participant to pay to the Company the Withholding Tax Amount as a condition of conversion of the Satisfied Performance Right to a Performance Based Share, where the payment received by the Company will be held on behalf of the Participant, and remitted to the appropriate taxing authority by the Company on behalf of the Participant; and/or
 - (iii) withhold from the Shares otherwise deliverable to the Participant on conversion of a Satisfied Performance Right such number of Performance Based Shares as have a market value not less than the Withholding Tax Amount and cause such withheld Performance Based Shares to be sold on the Participant's behalf to fund the Withholding Tax Amount, where:
 - (A) the Company will not be responsible for obtaining any particular price for the Performance Based Shares;

- (B) the proceeds of any Performance Based Shares sold will be held by the Company on behalf of the Participant, and remitted to the appropriate taxing authority by the Company on behalf of the Participant; and
- (C) any proceeds from such sale in excess of the Withholding Tax Amount will be promptly paid over to the Participant.
- (d) Notwithstanding **rule 17(b)**, nothing will preclude the Company and the Participant from agreeing to use a combination of the methods described in this **rule 17** or some other method to fund the Withholding Tax Amount.

18 Indemnity

The Company must indemnify, and keep indemnified, to the full extent permitted by law, each person who is or has been a director or alternate director of the Company against all proceedings, actions, claims, demands, losses, liabilities, damages, costs and expenses which may be made, brought against, suffered or incurred by the person arising directly or indirectly out of or in connection with the operation of the Plan.

19 ASIC relief

- (a) Notwithstanding any other provisions of the Plan, every covenant or other provision set out in an exemption or modification granted from time to time by ASIC in respect of the Plan or which applies to the Plan pursuant to its power to exempt and modify the Corporations Act and required to be included in the Plan in order for that exemption or modification to have full effect, is deemed to be contained in the Plan.
- (b) To the extent that any covenant or other provision deemed by this **rule 19** to be contained in the Plan is inconsistent with any other provision in the Plan, the deemed covenant or other provision will prevail.

20 General

- (a) Whenever the number or type of securities issuable upon the issue of a Performance Based Share is adjusted pursuant to the Terms and Conditions and these Grant Rules, the Company will give notice of the adjustment to the Participant and the ASX and TSX, as required, together with calculations on which the adjustment is based.
- (b) Any notice to be given by the Company to the Participant will be taken to have been given if served personally on the Participant or left at his or her last known place of residence.
- (c) To the extent that any rule or paragraph (or a part of a rule or paragraph) of these Grant Rules are found not to be valid, lawful or enforceable by a court or where a law changes so that such rule or paragraph becomes invalid, unlawful or unenforceable, the rule or paragraph (or part affected) will be treated as having been deleted from the remaining rules and paragraphs of these Grant Rules.

21 Governing Law

- (a) These Grant Rules and the rights and obligations of Participants will be governed by and construed in accordance with the laws for the time being in force in the State of Western Australia.
- (b) Each Participant irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of the State of Western Australia.

TSX Management Information Circular

The Management Information Circular in this Section is provided in respect of those securities of the Company quoted on the TSX. It contains disclosures required by the TSX rules and Canadian securities laws.

The matters set out in the Management Information Circular are provided for compliance with TSX requirements and Shareholders are not required to vote on this Management Information Circular at the Meeting.

Management Information Circular

Mirabela Nickel Limited (**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 notice of meeting (**Notice**).

Purpose of Solicitation

This Management Information Circular (**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 30 May 2013 at 9:00 a.m. (Perth time), for the purposes set forth in the Notice accompanying this 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. Brokers, nominees or other persons (**Shareholders**) holding ordinary shares in the Company (**Shares**) in their names for others will 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 with this Notice 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 **9:00am (Perth time) on 28 May 2013** by mail to Advanced Share Registry Limited, PO Box 1156, Nedlands, Western Australia, 6909; or delivered to Advanced Share Registry Limited, 150 Stirling Highway, Nedlands, Western Australia or by facsimile to Advanced Share Registry Limited at +61 8 9389-7871; or
- (b) for Shareholders registered on the Company’s Canadian share register, not later than **48 hours prior to the Meeting** by mail to Equity Financial Trust Company, attention Proxy Department, at 200 University Avenue, Suite 400, Toronto, Ontario, M5H 4H1 or by facsimile at +1 416 595-9593.

Beneficial Shareholders should refer to the information below under the heading “Advice for Beneficial Holders”.

Revocation of Proxies

A Shareholder executing and delivering a proxy has the power to revoke it in accordance with the provisions of the Australian *Corporations Act 2001* (Cth), 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 of the meeting at which the proxy is to be used, or to the chairman of the meeting on the day of the meeting or any adjournment of the meeting, or in any other manner permitted by law.

Voting of Proxies

The form of proxy accompanying this Notice confers discretionary authority upon the proxy with respect to any amendments to the matters identified in the Notice and any other matters that may properly come before the meeting. At the time of printing this 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/her 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 (**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 26 April 2013 a total of 876,765,094 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 26 April 2013 as the record date for determining the Shareholders of the Company entitled to receive the Notice and 5:00 p.m. (Perth time) on 28 May 2013 as the record date for determining the Shareholders of the Company entitled to vote at the meeting.

Unless a special resolution is required under Australian law as specified in the Notice, 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:

Total Number of Shares (as at 16 April 2013)		
Name	Owned, Controlled or Directed	Percentage of Voting Shares
Resource Capital Fund Management V L.P.	116,666,667	13.31%

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 2012.

	Number of securities to be issued upon exercise of outstanding options warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans ⁽¹⁾ (c)
Equity compensation plans approved by security holders	4,150,000	A\$3.00	1,872,940 ⁽²⁾
Equity compensation plans not approved by security holders	Nil	Nil	Nil
Total	4,150,000	A\$3.00	1,872,940

(1) Excluding securities reflected in column (a).

(2) 182,358 Performance Rights were converted into Shares on 23 January 2013.

Indebtedness of Directors and Executive Officers

As at 26 April 2013, 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 26 April 2013 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.

Director Information

The following table sets out the names of the nominees for election as a director of the Company and each other person whose term of office as a director will continue after the meeting, the province or state and the country in which each is resident, all positions with the Company now held by each of them and the period of time for which each has served as a director of the Company, their present principal occupation, business or employment and within the five preceding years, and the number of Shares of the Company or its subsidiaries beneficially owned by each, directly or indirectly, or over which control or direction is exercised, as at the date of the Notice.

Name and Residence	Position with Mirabela and length of time as a director	Principal occupation or employment within the preceding five years	No. of Shares beneficially owned directly or indirectly, or over which control or direction is exercised	Committee membership
Geoffrey Arthur Handley Sydney, NSW, Australia	Non-Executive Director (1 January 2011 to present) and Non-Executive Chairman (1 January 2012 to present)	Non-Executive Director, PanAust Ltd, a copper and gold producer (September 2006 to present); Non-Executive Director, Eldorado Gold Corp, an international gold	96,923	Remuneration & Nomination

Name and Residence	Position with Mirabela and length of time as a director	Principal occupation or employment within the preceding five years	No. of Shares beneficially owned directly or indirectly, or over which control or direction is exercised	Committee membership
Ian Frank Purdy Perth, WA, Australia	Chief Executive Officer and managing Director (1 November 2009 to present)	producer (August 2006 to present); Non-Executive Director, Endeavour Silver Corp, an international silver producer (June 2006 to present); Boart Longyear Limited (February 2007 – November 2008) Managing Director of Norilsk Nickel Australia (2007 – 2009)	71,369	Nil
Stuart Nicholas Sheard Brisbane, QLD, Australia	Non-executive Director (20 March 2007 to present)	Executive Chairman, Carpentaria Exploration Ltd, a base metal and gold exploration company (February 2007 to present)	Nil	Audit
Colin Henri Steyn London, United Kingdom	Non-executive Director (29 October 2009 to present)	A natural resource focused investor with previous experience in developing and running mining companies, associate member of Lancaster Park SA (July 2007 to present); Non-Executive Director and Chairman, Coalspur Mines Ltd (21 October 2010 and 6 September 2011 respectively to present); Non-Executive Director (March 2008 to June 2011)	Indirectly holds, through Lancaster Park SA, 50,972,345 ordinary shares in Mirabela	Audit
Ian James McCubbing Melbourne, VIC, Australia	Non-Executive Director (1 January 2011 to present)	Non-Executive Director Alcyone Resources Limited (February 2012 to 8 March 2013); Non-Executive Chairman, Eureka Energy Limited, an oil & gas exploration and development company (July 2010 to June 2012); Non-Executive Director, Swick Mining Services Limited (August 2010 to present); Non-Executive Director, Territory Resources Limited, an iron ore producer (May 2007 to July 2011); Non-executive Director, Kasbah Resources Limited (March 2011 to present); Chief Financial Officer, GRD Limited (August 2008 to December 2009); Finance Director, Territory Resources Limited (May 2008 – August 2008); General Manager to Finance & Administration, Territory Resources Limited (August 2007 to May 2008)	193,846	Audit Remuneration & Nomination
Peter Bruce Nicholson Perth, WA, Australia	Non-Executive Director (12 June 2012 to present)	Non-Executive Director Cape Alumina Limited (March 2007 to present); Non-Executive Director Metallica Minerals Limited (May 2006 to November 2010)	Nil*	Remuneration & Nomination

*Mr Nicholson is an employee at Resource Capital Funds Management Pty Ltd, which is a subsidiary of the entity that manages Resource Capital Fund V L.P. (**RCF-V**). FCF-V beneficially holds 116,666,667 ordinary shares in Mirabela.

Majority Voting Policy

As of 31 December 2012, the TSX introduced new requirements for annual elections of directors of TSX listed entities. Section 461.3 of the TSX Company Manual now requires that materials that are sent by the Company in connection with a meeting of security holders at which directors are being elected, must disclose if the Company has adopted a majority voting policy for the election of directors for non-contested meetings. Shareholders currently vote for the election of directors on a "FOR", "AGAINST" and "ABSTAIN" basis as an ordinary resolution in accordance with its Constitution and the Corporations Act. If a director fails to obtain a majority of "FOR" votes from the total votes cast less abstentions, that director will not be elected.

Statement of Executive Compensation

Named Executive Officers

During the year ended December 31, 2012, the Company had five "Named Executive Officers" (**NEOs**), in each case, as defined in NI 51-102: Mr Ian Purdy, the Chief Executive Officer (**CEO**) and Managing Director (**MD**), Mr Christiaan Els, Chief Financial Officer (**CFO**) and Company Secretary, Mr Anthony Kocken⁽¹⁾, Chief Operating Officer (**COO**); Mr William Bent⁽²⁾, VP Business Development and Mr Luis Nepomuceno⁽³⁾, Managing Director, Mirabela Mineração do Brasil Ltda.

(1) Mr Kocken was appointed Chief Operating Officer effective March 12, 2012.

(2) Mr Bent tendered his resignation from the Group on November 17, 2012, with effective date of January 31, 2013.

(3) Mr Nepomuceno ceased to be an executive of the Group on January 16, 2012

Compensation Discussion & Analysis

The Statement of Executive Compensation (**Compensation Report**) details the compensation arrangements of NEOs who are defined in Form MI-102F6 *Statement of Executive Compensation*.

The Compensation Report contains the following sections:

- 1.1 Compensation Governance
- 1.2 Use of Compensation Consultants
- 1.3 Principles of Compensation
- 1.4 NEO Compensation Framework
- 1.5 Performance Pay Outcomes
- 1.6 Termination and Change of Control Benefits
- 1.7 Summary of Compensation

The Group notes the greater than 25% vote against the adoption of the 2011 Compensation Report. In response the Group continues to strive for best practice compensation practices and schemes, and

- Intends cancelling the remaining performance rights of its current long term incentive scheme (these being the 2012 non-market strategic objective pertaining to organic growth, the 2012 market performance objective, and the 2013 non-market strategic and market performance objectives). Shareholder approval will be sought on a new scheme which incorporates feedback from shareholders and remuneration consultants;
- Has provided more detailed disclosure on short and long term incentive scheme targets and awards in this remuneration report; and
- Has had ongoing communications with large shareholders and proxy advisors to ensure alignment of expectations.

1.1 Compensation Governance

The Remuneration and Nomination Committee (**Committee**) of the Board of Directors (**Board**) is responsible for determining the compensation arrangements for NEOs and other senior management and making recommendations to the Board. The Committee comprises three independent Non-executive Directors (**NEDs**) of the Group: Mr Geoffrey Handley (Chairman), Mr Ian McCubbing and Mr Peter Nicholson.

The Committee reviews remuneration levels and other terms of employment on an annual basis having regard to relevant market conditions, strategy of the Group, qualifications and experience of the NEOs and performance against targets set for each year.

The Committee obtains independent advice on the appropriateness of compensation packages of the Group given trends in comparative companies both locally and internationally, and the objectives of the Group's compensation strategy.

1.2 Use of Compensation Consultants

The Board uses an independent compensation consultant, Egan Associates (Egan), to provide advice on the structure of new incentive schemes and to benchmark NEO remuneration.

During 2012, Egan was paid US\$35,787 for advice and recommendations in respect of reviewing the amount and elements of NEO and NED compensation. In addition Egan received US\$32,990 for other advisory services rendered.

In order to ensure the Committee is provided with advice, and as required, remuneration recommendations, free from undue influence by NEOs whom the recommendations may relate, the Chairman of the Board engages directly with Egan in this regard.

The Committee uses Hay do Brasil Consultores Ltda (**HayGroup**) for advice and recommendations in respect of benchmarking and compensation structuring in Brazil. HayGroup was paid US\$26,724 for these services. The advice received by the Board indicates that executive remuneration in Brazil has larger incentive components than equivalent Australian executives.

By general enquiry and review, the Board is satisfied that the recommendations made by the compensation consultants were free from undue influence by NEOs.

1.3 Principles of Compensation

The performance of the Group depends on the quality of the NEOs it employs. To be successful in a global market, the Group must attract, motivate and retain NEOs of the highest calibre.

The Group embraces the following remuneration principles to secure a successful business:

- Compensation must be competitive, equitable and fair to attract and retain high calibre NEOs;
- Compensation must recognise the competitive global market in which the Group operates;
- Compensation must reward Group and individual performance across a range of disciplines and be measured against benchmarked targets; and
- Compensation must link rewards with protecting and creating shareholder value.

1.4 Executive Compensation Framework

The Group's NEO total compensation structure provides for:

- Fixed remuneration;
- Short-term, performance linked cash remuneration (**STI**); and
- Long-term, performance linked equity remuneration (**LTI**).

Table 2 below shows the proportion of each element of total compensation, at target maximum opportunities, for the NEOs. Over 60% of total compensation for the CEO is at risk and over 50% of total compensation for the other NEOs is at risk. There are no Brazilian NEOs as at the date of this report.

Table 2: NEO Remuneration Mix



1.4.1 Fixed remuneration

Fixed remuneration comprises base salary and employer superannuation contributions.

During 2012, all Brazilian employees were awarded a salary increase of 5% under the annual union collective-agreement negotiation. All Australian employees, including Australian NEOs were awarded a salary increase of 5% based on industry benchmarking and economic factors.

It has been determined that the CFO and COO will receive a 4% increase in fixed remuneration for 2013, in line with other Mirabela Australian employees. There will be no change to the CEO's fixed remuneration for 2013, in line with the NEDs' decision to seek no increase in director fees for 2013.

1.4.2 Short-term, performance-linked remuneration

The Group operates a short term, performance linked, incentive program (STI) which provides annual cash awards for the achievement of specific objectives. Actual STI payments awarded to each NEO depend on the extent to which specific objectives set at the beginning of the financial year are met.

On an annual basis, after consideration of performance against the objectives, the Board determines the amount, if any, of the STI to be paid to each NEO, seeking recommendations from the CEO as appropriate. The Board assesses STI performance during February each year, with payments made to all employees, including NEOs, by the end of March.

As the Group has been in project construction and production ramp-up, the Board determined that the most appropriate objectives for the STI were non-revenue, non-market based measures that are critical to the success of the Group. Table 3 below outlines the STI objectives for 2012:

Table 3: 2012 STI Objectives

Category	CEO Weightings	Other NEOs of the Group Weightings	Overview of STI Objectives
Contained Nickel Production	20%	20%	Contained Nickel Production to be based on a sliding scale commencing from 18,000t with Stretch set at 22,000t.
Safety	10%	5%	Based on a range and combination of LTIFR (Lost Time Injury Frequency Rate), AIFR (All Injury Frequency Rate) and Zero Accident and Prevention Program targets. No safety bonus is paid if there is a fatality.
Cost	20%	20%	Based on a combination of unit mining cost, unit processing cost, total administration cost and capital expenditure. To achieve stretch bonus, all four cost targets must be met and budget cost savings of greater than R\$25.000 million (US\$14.706 million) have to be achieved. All targets are in local currency (Brazilian Real).
Environment	10%	5%	Full compliance with the environmental conditions of the Environmental Institute of Brazil.
Personal Objectives	15%	10%	Results based on personal objectives agreed by the Committee.
Maximum Potential Award	75%	60%	

Production, Safety, Cost and Environment Targets are the same for all employees and are also reflected in the Brazilian employee profit share scheme. In Brazil, every employee participates in an STI scheme with target maximum opportunity ranging from 27% to 70% of fixed remuneration. In Australia, every employee participates in an STI scheme with target maximum opportunity ranging from 10% to 75% of fixed remuneration.

For 2013, the Board intends to maintain the existing STI schemes for all eligible employees, including NEOs. The Group-wide STI is driving strong performance to the benefit of all shareholders.

1.4.3 Long-term, performance linked remuneration

The Group operates a long-term, performance linked, incentive program (LTI) in the form of the "Mirabela Nickel Limited Performance Rights Plan", (LTI), approved at a Shareholders meeting held on 13 September 2010. The LTI incentivises and rewards NEOs and other employees for long-term performance and provides a critical retention incentive, but only for so long as employees believe there is potential for the equity awards to be of value. The LTI is offered to all senior employees in Brazil and Australia, including NEOs.

LTI awards to the NEOs are delivered in the form of performance rights. A performance right is a right to be issued a share upon satisfaction of certain performance conditions as determined by the Board. Performance rights do not attract the payment of dividends or carry voting rights, and shares are allocated to participants only on the satisfaction of both the performance hurdle(s) and the expiry of a vesting period which commences at the end of the relevant achievement date.

A performance right that is in holding lock (the period between achievement date and vesting date), will immediately vest on redundancy or termination-without-cause, but will be forfeited on termination-with-cause or resignation.

The Group's policy prohibits those that are granted performance rights as part of their compensation from entering into other arrangements that limit their exposure or losses that would result from share price decreases.

For 2012 the maximum LTI opportunity available to the CEO was 338,848 performance rights. For 2012 the maximum LTI opportunity available to the NEOs was 50% of fixed remuneration divided by the five day volume weighted-average price for the Group's shares to 31 December 2011.

As the Group has been in project construction and production ramp-up the Board determined that the most appropriate performance objectives for the LTI were a combination of market and non-market measures which are critical to the success of the Group.

For 2012 the performance objectives were based on:

- 50% for non-market strategic objectives (Cost reduction [20%], optimisation [10%], organic growth [10%] and exploration goals [10%]); and
- 50% for market performance which is measured by Relative Total Shareholder Return (RTSR) relative to a comparator group of ASX and TSX companies.

The selected RTSR comparator group of companies is a broad base of mining companies representing mid-tier mining companies from across the ASX and TSX – listed in Table 4 below.

Table 4: RTSR Comparator Companies

No.	Security	Description	ASX/TSX	Mineral
1	ABY	Aditya Birla Minerals Limited	ASX	Copper
2	AQP	Aquarius Platinum Limited	ASX,JSE,LSE	Platinum
3	AWC	Alumina Limited	ASX	Alumina/Bauxite
4	FM	First Quantum Minerals	TSX	Base metals
5	GBG	Gindalbie Metals Limited	ASX	Iron ore
6	HIG	Highlands Pacific Limited	ASX	Ramu / Projects
7	HBM	HudBay Minerals	TSX, NYSE	Zinc, Nickel
8	IGO	Independence Group NL	ASX	Nickel, Base metals
9	IMN	Inmet Mining Corporation	TSX	Copper, Zinc
10	KZL	Kagara Limited	ASX	Zinc
11	LUN	Lundin Mining Corporation	TSX, OMX	Copper, Zinc
12	LYC	Lynas Corporation Limited	ASX	Rare Earths
13	MCR	Mincor Resources NL	ASX	Nickel
14	MGX	Mount Gibson Iron Limited	ASX	Iron ore
15	MMX	Murchison Metals Limited	ASX	Iron ore
16	NCM	Newcrest Mining Limited	ASX	Gold
17	OMH	OM Holdings Limited	ASX	Manganese
18	OZL	Oz Minerals Limited	ASX	Copper, Gold
19	PNA	PanAust Limited	ASX	Copper, Gold
20	PAN	Panoramic Resources Limited	ASX	Nickel
21	PEM	Perilya Limited	ASX	Zinc, Lead, Silver
22	POS	Poseidon Nickel Limited	ASX	Projects only
23	QUX	QuadraFNX	TSX	Copper
24	SRQ	Straits Resources Limited	ASX	Copper, Gold
25	WSA	Western Areas NL	ASX,TSX	Nickel

Table 5 below presents the RTSR performance hurdles and the percentage of the maximum award that would be available:

Table 5: RTSR Performance Hurdles

Company's TSR relative to the TSR of the Comparator Group over the performance period	Maximum Percentage of Performance Rights Allocated
Less than the 50 th Percentile	Nil
50 th percentile	25%
Greater than the 50 th percentile but less than the 75 th percentile	25% plus 1% for every one percentile increase above the 50th percentile
Greater than or equal to the 75 th percentile	50%

On an annual basis, after consideration of performance against the objectives, the Board determines the amount, if any, of the LTI to be awarded to each NEO seeking recommendations from the CEO as appropriate. RTSR performance is

monitored by an independent external advisor at December 31 each year. Once awarded the performance rights are in a holding lock for a period of twelve months before converting into ordinary shares. During this period the performance rights are still subject to a continuing service requirement.

Under the terms of the current LTI plan, the un-awarded performance rights would be retested by the end of March 2013 for the non-market strategic objectives, and the market performance objective of relative total shareholder return will be retested by the end of June 2013. The Board intends to cancel this retesting and as such, no further awards under the existing LTI plan are expected from the date of this report. Performance rights currently in a holding lock will be allowed to vest at the completion of the vesting period.

Following shareholder feedback received at the Group's 2012 AGM, the Board intends cancelling the remaining performance rights of its current LTI plan (these being the 2012 non-market strategic objective pertaining to organic growth, the 2012 market performance objective, and the 2013 non-market strategic and market performance objectives) and seeking shareholder approval on a new scheme. The Board is currently working with its compensation consultants and it is expected that the new scheme will incorporate the following changes:

- Three year test period (currently one year plus one year holding lock);
- No retest (currently retest up to three months and six months);
- EBITDA (as defined by the Group) per share and RTSR targets (currently strategic objectives and RTSR); and
- Simplified administration requirements.

Further information on the accounting policies applied to share based payments is provided in note 3(n) of the consolidated financial statements.

1.5 Performance Pay Outcomes

1.5.1 Consequences of performance on shareholder wealth

In considering the Group's management performance and benefits for shareholder wealth, the Group considers share price performance and earnings in relation to the broader market conditions and internal targets. In addition to the above, the Group has regard to the following indices in respect of the current and previous financial years (as noted in Table 6):

Table 6: Indices in respect of the current and previous financial years

Measure	31 December 2012	31 December 2011	31 December 2010 ⁽²⁾
ASX Share Price at Year End (A\$)	0.48	1.12	2.28
TSX Share Price at Year End (C\$)	0.50	1.17	2.38
Loss for the Period (US\$ million)	(452.875)	(50.761)	(47.618)
EBITDA ⁽¹⁾ (US\$ million)	45.327	14.615	35.745
Dividends Paid	-	-	-
Return of Capital	-	-	-
Sales Revenue (US\$ million)	343.398	303.642	210.975
Realised Nickel Price (US\$/lb)	7.46	10.04	9.43
Production Unit Cash Cost (US\$/lb) ⁽³⁾	5.82	7.27	7.00
Nickel Production (dmt)	19,253	15,854	10,375
Mined Tonnes (Mt)	38.5	40.8	29.1
Processed Tonnes (Mt)	6.5	5.4	3.8

(1) EBITDA, as used by the Group, is unaudited and defined as earnings before net financial expense, net derivative loss, net foreign exchange gain, taxation, other expenses, depreciation, amortisation, depletion and impairment charge.

(2) Commercial production was achieved from January 1, 2010. As such, indices for 2008 and 2009 have not been included.

(3) Production Unit Cash Cost is unaudited.

The Board notes the falling nickel prices and the large, dilutive equity raisings required to support the project ramp-up as reasons contributing to the falling share price, and notes that the 2012 Loss for the Period includes a non-cash impairment charge of US\$380.000 million relating to historical capitalised expenditure.

The Board also acknowledges the challenging nature of working for the Group at this phase of its development and notes the executive staff turnover of well over 100% over the last 3 years; NEO turnover of 40% for 2012; and NED turnover of 60% over the last three years.

1.5.2 STI performance pay outcome

During 2012 the Group successfully delivered the Santa Rita nickel project and achieved full production levels during the second half of the year. Key achievements were:

- Production of 19,253 tonnes of contained nickel, on market guidance, and a 21% increase from 2011;
- Safety LTIFR rate of 0.69, an exceptional outcome when compared to the Australian average of 3.1;
- Unit production costs decreased from US\$7.42/lb in Q4 2011 to \$4.91/lb in Q4 2012;
- All cost targets were achieved and budget savings in excess of R\$70.000 million (US\$41.176 million) were realised; and
- Compliance with all environmental requirements.

The Committee has assessed the success of these achievements by: making appropriate enquiries of management, reviewing management information reports, and reviewing external reports where applicable.

Based on these results the Board has awarded an STI to all eligible employees including: 66% of the production component; 100% of the safety component; 100% of the cost component; 100% of the environmental component; and individual objectives have been specifically assessed for each NEO.

No discretion was exercised by the Board in assessing the performance of the NEOs against the 2012 STI objectives.

Table 7: NEO STI Awards for 2012

	Included in Remuneration	% STI achieved in 2012	% of maximum STI achieved in year	% of maximum STI forfeited in year
	US\$	%	%	%
Ian Purdy	564,507	67	89	11
Christiaan Els	243,762	52	86	14
Anthony Kocken ⁽¹⁾	209,828	53	88	12
William Bent ⁽²⁾	205,962	51	85	15

(1) Mr Kocken was appointed Chief Operating Officer effective March 12, 2012.

(2) Mr Bent tendered his resignation from the Group on November 17, 2012, with effective end date of January 31, 2013.

Amounts included in remuneration for the financial year represent the amounts that became due in the financial year on achievement of personal goals and satisfaction of specified performance criteria. The amounts forfeited are due to the performance or service criteria not being met in relation to the current financial year. No amounts vest in future financial years in respect of the STI for the 2012 financial year.

1.5.3 LTI performance pay outcome

For 2012 the Board has determined an award of 36/50 for the achievement of non-market strategic objectives and 0/50 for the market performance objective (RTSR performance). The successful non-market strategic objectives related to: headcount reduction, recovery optimisation, desliming plant commissioning, grade control improvements and exploration programs. The unsuccessful objectives related to equipment availability targets and the completion of the 9Mt feasibility study which was deferred by the Group.

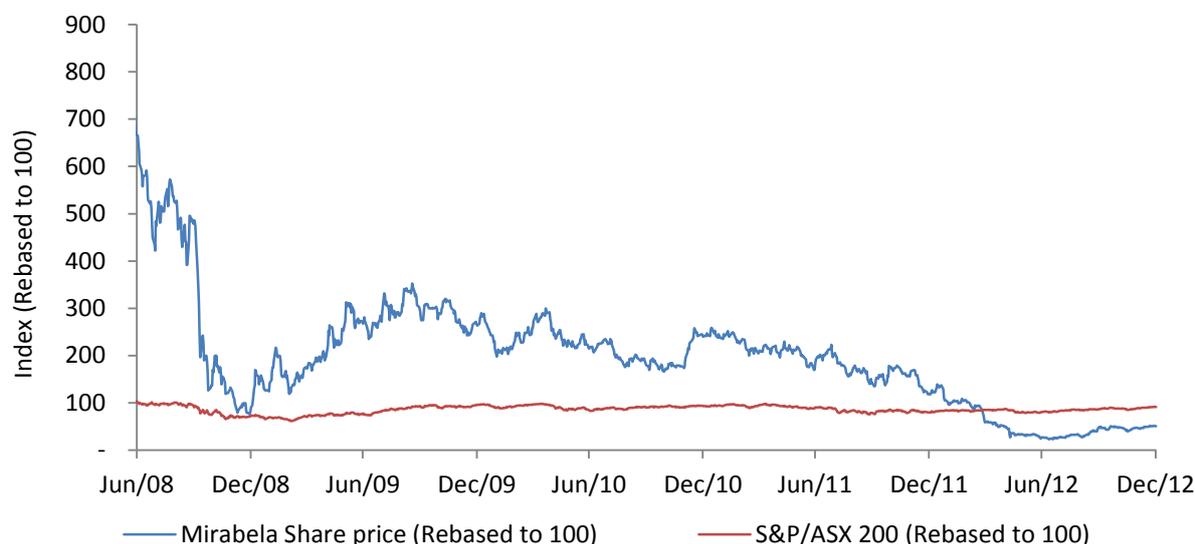
The Committee has assessed the success of these achievements by: making appropriate enquiries of management, reviewing management information reports, and reviewing external reports where applicable.

For the second consecutive year the Group did not achieve its target RTSR as measured against comparator group of ASX and TSX companies. As such, no award was made under the market performance objective. The Group notes the large, dilutive equity raisings required to support the project ramp-up as a contributing reason for the below target RTSR

outcomes for 2012 and 2011. The low number of performance rights vesting has severely reduced the retention usefulness of the LTI plan.

Performance graph

The following graph compares, assuming an initial investment of A\$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, 2008	June 30, 2009	Dec 31, 2009	Dec 31, 2010	Dec 31, 2011	Dec 31, 2012
Mirabela Nickel Ltd	664.21	267.37	263.16	240.00	117.89	50.53
S&P/ ASX 200 Index	102.42	77.67	95.65	93.19	79.66	91.30

The S&P/ASX 200 Index is based on companies from various industries. The nickel industry has been heavily impacted by a continuing decline in the nickel price. The Company has worked on reducing this impact by increasing liquidity through a pre-emptive equity fund raising in May 2012, which along with increases in production in the second half of 2012 and cost optimisation strategies has aided in softening the overall impact. However, the sustained impact of the declining nickel price has more so impacted market sentiment, resulting in a continued reduction in the Company's share price.

No discretion was exercised by the Board in assessing the performance of the NEOs against the 2012 LTI objectives.

Table 8: NEO LTI Awards for 2012

	Maximum Number of Performance Rights	Number awarded in 2012 (Subject to 12 month holding lock)	% of LTI achieved in year	% of LTI not awarded in year
			%	%
Ian Purdy	338,848	121,985	36	64
Christiaan Els	196,537	70,753	36	64
Anthony Kocken ⁽¹⁾	197,277	71,020	36	64
William Bent ⁽²⁾	167,686	-	0	100

(1) Mr Kocken was appointed Chief Operating Officer effective 12 March 2012.

(2) Mr Bent tendered his resignation from the Group on 17 November 2012, with effective end date of 31 January 2013.

It is the Board's intention to cancel the remaining outstanding performance rights relating to the existing LTI plan. These being:

- The 2012 non-market performance objective pertaining to organic growth - that is due for retest by 31 March 2013;
- The 2012 market performance objective – that is due for retest by 30 June 2013;
- The 2013 non-market strategic objective; and
- The 2013 market performance objective.

As such, no further awards under the existing LTI plan are expected from the date of this report. Performance rights currently in a holding lock will be allowed to vest at the completion of the vesting period.

Refer to section 3.8.3 of the Company's Annual Report 2012 for more details on the valuation of the equity instruments in the remuneration report.

1.6 Termination and Change of Control Benefits

Compensation arrangements for NEOs are formalised in employment contracts. Details of these contracts are provided below:

Mr Ian Purdy, Chief Executive Officer & Managing Director, entered into an employment contract on November 1, 2009 with the Group. The contract is unlimited in term but capable of termination upon six months' notice by either party. In the event the Group terminates Mr Purdy's employment without cause, Mr Purdy was entitled to a payment equal to six months' salary. On July 1, 2011 Mr Purdy's employment contract was amended to the effect that in the event of termination due to a redundancy or change in employment conditions within twelve months of a change in control, Mr Purdy is entitled to payment of twelve months' salary. As part of the contract, Mr Purdy is entitled to participate in any Group incentive schemes. If the triggering event took place on 31 December 2012 it is estimated that Mr Purdy would have been entitled to approximately USD\$ 1,727,937 (AUD\$ 1,668,822).

Mr Christiaan Els, Chief Financial Officer (**CFO**) & Company Secretary, entered into an employment contract as CFO with the Group effective August 1, 2009 and was appointed Company Secretary on January 7, 2010. The contract is unlimited by term but capable of termination upon three months' notice by either party. In the event the Group terminates Mr Els' employment without cause, Mr Els was entitled to a payment equal to three months' salary. On July 1, 2011 Mr Els' employment contract was amended to the effect that in the event of termination due to a redundancy or change in employment conditions within twelve months of a change in control, Mr Els is entitled to twelve months' salary. As part of the contract, Mr Els is entitled to participate in any Group incentive schemes. If the triggering event took place on 31 December 2012 it is estimated that Mr Els would have been entitled to approximately USD\$ 805,673 (AUD\$ 778,213).

Mr Anthony Kocken, Chief Operating Officer (**COO**), entered into an employment contract as COO with the Group effective March 12, 2012. The contract is unlimited by term but capable of termination upon six months' notice by either party. In the event the Group terminates Mr Kocken's employment without cause, Mr Kocken is entitled to a severance payment of a minimum of six months' salary and up to a maximum twelve months' salary, inclusive of notice. As part of the contract, Mr Kocken is entitled to participate in any Group incentive schemes. If the triggering event took place on 31 December 2012 it is estimated that Mr Kocken would have been entitled to approximately USD\$ 774,249 (AUD\$ 747,495).

Mr William Bent, VP - Business Development, entered into an employment contract effective June 1, 2010. The contract is unlimited by term but capable of termination upon three months' notice by either party. In the event the Group terminates Mr Bent's employment without cause, Mr Bent was entitled to a payment equal to three months' salary. On July 1, 2011 Mr Bent's employment contract was amended to the effect that in the event of termination due to a redundancy or change in employment conditions within twelve months of a change in control, Mr Bent is entitled to twelve months' salary. As part of the contract, Mr Bent is entitled to participate in any Group incentive schemes. Mr Bent tendered his resignation from the Group on November 17, 2012, with effective end date of January 31, 2013.

Mr Luis Nepomuceno, Managing Director - Brazil, entered into an employment contract on May 1, 2010. The contract was unlimited by term but capable of termination upon six months' notice by either party. In the event the Group terminates Mr Nepomuceno's employment without cause, Mr Nepomuceno was entitled to a payment equal to six months' salary. As part of the contract Mr Nepomuceno was entitled to participate in any Group incentive schemes. Mr Nepomuceno's

contract was terminated effective January 16, 2012. Per the termination agreement Mr Nepomuceno was entitled to six months' salary and twelve months dental and medical cover.

1.7 Summary of Compensation

1.7.1 NED compensation

The aggregate total compensation for NEDs is determined from time to time by shareholders in a General Meeting. The current total aggregate compensation payable to NEDs may not exceed US\$1,050,838 per annum.

The Committee considers, on an annual basis, independent remuneration advice as well as fees paid to NEDs of comparable companies in determining the quantum and apportionment of the remuneration for the year. In recognition of the difficult financial position the Group was in during 2012 the Board did not increase the NED fees during 2012 and has determined not to seek any increase to total aggregate NED compensation at the 2013 AGM, nor will individual NED fees be increased due to the continued challenges facing the Group.

NEDs receive fixed remuneration, including superannuation but do not receive any share based payments nor participate in any incentive programs, in line with ASX Corporate Governance principles. NEDs are encouraged to own shares in the Group.

No additional payments are made to NEDs for committees, except for the Chair of the Board Audit Committee.

Table 12 sets out the fixed remuneration of the NEDs for 2012.

1.7.2 Compensation review

The following section itemises the compensation components for the NEOs.

Actual Performance Pay Received

In line with best practice recommendations, the amounts shown in Table 10 below provide a summary of actual compensation received by the CEO during the years ended December 31, 2012 and December 31, 2011. This has been prepared to provide shareholders with a view of compensation structure and how compensation was paid to the CEO for these years. The Board believes presenting information in this way provides the shareholders with increased clarity and transparency of the CEO's realised remuneration.

The information provided in Table 10 is non-statutory information and differs from the information provided in Tables 11a and 11b, which have been prepared in accordance with International Financial Reporting Standards. A description of the difference between the tables is provided below in Table 9.

Table 10 has been presented in AUD, being the Company's functional currency and the currency in which the CEO's compensation is paid. The Board believes this to be a more appropriate view of the compensation as it removes any exchange rate retranslation distortions year on year resulting from conversion to the Company's USD presentation currency. Tables 11a and 11b are presented in USD, being the Company's presentation currency for financial reporting purposes as required by International Financial Reporting Standards.

Table 9: Reconciliation between Statutory and Non-Statutory Tables

	NEOs included in table	Short-term salaries	STI cash bonus	Post employment super contributions	Movement in provision for annual leave	LTI awards: performance rights
Non-Statutory Table (stated in A\$)	CEO	Cash salary as per statutory tables and stated in A\$	Cash paid in current year and relating to Board approved prior year STI achievements	Super contributions as per statutory tables and stated in A\$	Nil as no value is received by the NEOs and until termination	Value calculated using market share price on the day of conversion to shares
Statutory Tables (stated in US\$)	CEO and other NEOs	Cash salary stated in US\$	Accrued in current year relating to current year STI estimates	Super contributions stated in US\$	Accounting based movement value, in accordance with accounting standards	Amortised expense relating to rights issued in current and prior years, per accounting standards

Table 10 – Non-Statutory: CEO - Actual Cash/Realised Remuneration (in AUD)

	Short-term salary	STI cash bonus ⁽¹⁾	Post-employment super contribution	Performance rights converted to shares ⁽²⁾	Total realised remuneration
<i>Executive Director</i>	A\$	A\$	A\$	A\$	A\$
Ian Purdy					
2012	793,316	459,037	25,000	184,108	1,461,461
2011	754,350	626,750	25,000	291,400	1,697,500

(1) Represents the Board approved bonus paid, relating to STI achievements in prior year.

(2) Based on the market price per share at date of conversion: 2012 of 195,860 shares at A\$0.94 per share and 2011 of 155,000 shares at A\$1.88 per share.

Table 11 below outlines the statutory NEO compensation for 2012, 2011 and 2010 based on International Financial Reporting Standards requirements.

Table 11: Statutory NEO compensation

Name and Principal Position		Share-based Awards ⁽⁷⁾		Non-equity Incentive Plan Compensation		Movement			Total Compensation
				Annual incentive Plans	Long-term incentive plans	Pension Value ⁽¹⁾	in provision for annual leave	All other compensation	
Year	Salary	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Directors									
<i>Executive Directors</i>									
Ian Purdy ⁽²⁾	2012	821,000	277,420	564,507	NIL	25,991	48,149	-	1,737,067
CEO and MD	2011	779,002	658,634	464,963	NIL	24,909	13,971	-	1,941,479
	2010	553,657	175,444	623,522	NIL	23,002	41,814	-	1,417,439
Executives									
Christiaan Els	2012	446,119	107,372	243,762	NIL	25,895	38,721	-	861,869
CFO and Company Secretary	2011	428,035	205,664	208,107	NIL	22,755	6,826	-	871,387
	2010	322,005	65,017	221,215	NIL	25,733	16,499	-	650,469
Anthony Kocken ⁽³⁾	2012	359,722	69,756	209,828	NIL	21,489	27,932	-	688,727
Chief Operating Officer	2011	-	-	-	-	-	-	-	-
	2010	-	-	-	-	-	-	-	-
William Bent ⁽⁴⁾	2012	376,828	31,192	205,962	NIL	25,895	30,056	-	669,933
VP – Business Development	2011	357,039	106,022	177,557	NIL	25,391	18,837	-	684,846
	2010	153,174	16,841	182,177	NIL	13,786	11,642	-	377,620
Luis Nepomuceno ⁽⁵⁾	2012	20,755	75,615	-	NIL	-	-	255,194 ⁽⁶⁾	351,564
MD - Mirabela	2011	511,791	257,016	194,230	NIL	-	-	-	963,037
Mineração do Brasil	2010	292,460	40,525	448,796	NIL	-	-	-	782,081
Total	2012	2,024,424	561,355	1,224,059	NIL	99,270	144,858	255,194	4,309,160
Total	2011	2,075,867	1,227,336	1,044,857	NIL	73,055	39,634	-	4,460,749
Total	2010	1,321,296	298,127	1,475,710	NIL	62,521	69,955	-	3,227,609

(1) Payments reflected in this column are in respect of statutory superannuation contributions paid for retirement funding purposes.

(2) Mr Purdy's compensation is paid in a single package and is inclusive compensation for his activities as a Director.

(3) Mr Kocken was appointed Chief Operating Officer effective March 12, 2012.

(4) Mr Bent tendered his resignation from the Group on November 17, 2012, with effective date of January 31, 2013.

(5) Mr Nepomuceno ceased to be an executive of the Group on January 16, 2012.

(6) This reflects Mr Nepomuceno's termination payment which includes six months' salary and 12 months' dental and medical cover.

(7) These share-based awards include: shares granted to Mr Purdy and Mr Els in lieu of options in 2011 and 2010 which they were awarded in joining the Company; awards achieved at the testing dates December 31, 2011 and December 31, 2012 and converted to shares; awards whose testing dates are subsequent to the date of the financial statements; and non-achieved awards which have been cancelled, hence the NEOs will not receive any benefit from these share-based awards. For the measurement method of share-based awards, refer section 1.7.4 of this Statement of Executive Compensation.

For Table 11 above, exchange rates used to convert the AUD to USD were as follows:

- Short term salaries, fees and post-employment super contribution: monthly average rates ranging from 1.073 to 0.995 for the year ended December 31, 2012; (2011: 1.078 to 0.996); (2010: 0.995 to 0.883) and
- STI cash bonus, movement in provision for annual leave and performance rights: annual average rate of 1.036 for the year ended December 31, 2012; (2011: 1.032); (2010: 0.92).

Exchange rates used to convert BRL to USD were as follows:

- Short term salaries, fees and termination payments: January 2012 average rate of 1.851; (2011: monthly average rates ranging from 1.839 to 1.564); (2010: monthly average rates ranging from 1.842 to 1.684) and
- STI cash bonus and performance rights: annual average rate of 1.955 for the year ended December 31, 2012; (2011: 1.675); (2010: 1.760).

1.7.3 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.

1.7.4 Equity instruments

All performance rights and options refer to rights and options over ordinary shares of the Company, which are exercisable on a one-for-one basis under the Group's performance rights and share option plans.

The Group measures the fair value of a share-based payment award issued to eligible employees at grant date and is not required to adjust the fair value afterwards (even if it becomes more or less valuable or does not ultimately vest) unless the award is modified. Where the service condition has commenced before the grant date a provisional fair value is calculated for a share-based payment award, which is revised upon grant date.

2012 and 2013 Non-market strategic objectives:

These performance rights are subject to both service conditions and non-market performance conditions. The service conditions and non-market vesting conditions are not included in estimating the fair value at grant date. Therefore the Group only considered the vesting conditions when estimating the number of equity instruments expected to vest during the vesting period.

For these performance rights, the fair value is measured at the market price of the entity's shares on grant date adjusted to take into account the terms and conditions upon which the rights were granted (except for vesting conditions that are excluded from the measurement of fair value). Where the service condition has commenced before the grant date a provisional fair value is calculated for a share-based payment award, which is revised upon grant date.

The performance conditions for the 2013 non-market strategic objective have not been set at the date of this report and therefore the fair value of these performance rights has been provisionally measured. The value of these performance rights will be finalised when the performance conditions are set, unless the remaining current LTI plan objectives are cancelled, as proposed by the Board.

Performance rights may be subject to a retest. However, once successfully achieved they remain in a holding lock for a service period of twelve months.

2012 and 2013 Market performance objectives:

These performance rights are subject to both service conditions and market performance vesting conditions. The Group is required to take into consideration the probability of reaching the target share price when estimating the fair value of these equity instruments at grant date. On this basis, the Group will continue to recognise expenses associated with providing this share based payment award to the employee as long as the service condition has been achieved, irrespective of whether the market condition is satisfied (refer note 12(b) of the consolidated financial statements).

The fair value of services received in return for these performance rights granted are measured by reference to the fair value of the performance rights. On grant date the estimate of the fair value of the services received is measured based on the Monte Carlo pricing model. The contractual life of the performance right is used as an input into this model.

The expected volatility is based on the historic volatility (calculated based on the weighted-average remaining life of the performance rights), adjusted for any expected changes to future volatility based on publicly available information.

The performance conditions for the 2013 market performance objective have not been set at the date of this report and therefore the fair value of the performance rights has been provisionally measured. The value of these performance rights

will be finalised when the performance conditions are set, unless the remaining current LTI plan objectives are cancelled, as proposed by the Board.

Performance rights may be subject to a retest. However, once successfully achieved they remain in a holding lock for a service period of twelve months.

1.7.5 Compensation of NEDs

Details of all amounts of compensation provided to NEDs for the Company's most recently completed financial year are set out in Table 12 below:

Table 12: Compensation of NEDs

Director ⁽¹⁾	Fees Earned (US\$)	Share-based Awards (US\$)	Option-based Awards (US\$)	Non-equity Incentive Plan Compensation (US\$)	Pension Value (US\$)	Movement in provision for annual leave (US\$)	Total (US\$)
Geoffrey Handley	203,223	NIL	NIL	NIL	NIL	NIL	203,223
Ian McCubbing	145,008	NIL	NIL	NIL	NIL	NIL	145,008
Peter Nicholson⁽²⁾	56,948	NIL	NIL	NIL	NIL	NIL	56,948
Nicholas Sheard	103,580	NIL	NIL	NIL	NIL	NIL	103,580
Colin Steyn	103,580	NIL	NIL	NIL	NIL	NIL	103,580

⁽¹⁾ Information on Mr Purdy's fees earned for activities as Director are disclosed in the NEO compensation in Table 11.

⁽²⁾ Mr Nicholson was appointed Non-executive Director effective June 12, 2012.

1.7.6 Incentive Plan Awards

Outstanding share-based awards

Table 13 discloses the individual outstanding share-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. Share-based awards are granted under the Performance Rights Plans.

Table 13: Individual outstanding share-based awards

Named Executive Officer	Share-Based Awards	
	Number of share or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (US\$)
Ian Purdy CEO and MD	664,141	521,760
Christiaan Els CFO and Company Secretary	188,675	192,497
Anthony Kocken ⁽¹⁾ Chief Operating Officer	189,386	193,222
William Bent ⁽²⁾ VP - Business Development	-	-
Luis Nepomuceno ⁽³⁾ Managing Director, Mirabela Mineração Brasil do Ltda	-	-

(1) Mr Kocken was appointed Chief Operating Officer effective March 12, 2012.

(2) Mr Bent tendered his resignation from the Group on November 17, 2012, with effective date of January 31, 2013.

(3) Mr Nepomuceno ceased to be an executive of the Group on January 16, 2012.

There were no share-based awards to NEDs that have not vested and are outstanding at the end of the most recently completed financial year (including awards granted before the most recently completed financial year) to each NED of the Company.

Outstanding option-based awards

There were no option-based awards to NEOs outstanding at the end of the most recently completed financial year (including awards granted before the most recently completed financial year).

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

Table 14 summarises the aggregate value of incentive plan awards vested or earned during the most recently completed financial year to each NEO.

Table 14: Incentive plan awards vested or earned

NEO	Share-based awards – Value vested during the year (US\$)	Non-equity incentive plan compensation – Value earned during the year (US\$)
Ian Purdy CEO and MD	134,380	564,507
Christiaan Els CFO and Company Secretary	39,729	243,762
Anthony Kocken Chief Operating Officer	-	209,828
William Bent VP - Business Development	32,720	205,962
Luis Nepomuceno Managing Director, Mirabela Mineração Brasil do Ltda	79,314	-

No incentive plan awards or option-based awards vested or were earned by NEDs during the most recently completed financial year.

Statement of Corporate Governance Practices

National Instrument 58-101 – *Disclosure of Corporate Governance Practices* of the Canadian Securities Administrators (**NI 58 – 101**) requires that Mirabela Nickel (**Company**) make certain disclosures in the Management Information Circular in respect of corporate governance practices.

Board of Directors

The board of directors of Mirabela (**Board**) is committed to effective corporate governance to improve company performance, enhance corporate social responsibility and benefit all stakeholders. Accordingly, the Board has established and the Company adheres to a number of codes, policies and charters, which are reviewed regularly, to ensure that these intentions are met and shareholders are fully informed about the affairs of the Company.

The Board has reviewed both the ASX Recommendations and NI 58-101 and considers that the Company has followed the ASX Recommendations and the Canadian corporate governance requirements, which are relevant to an organisation of the Company's size and complexity.

At the end of 2012 the Board reviewed its performance for 2012 and relevance to the current status and direction of the Company. The Board was satisfied that it fulfilled its role effectively during 2012.

Independent directors

The Board assesses the independence of a director prior to appointment and of all appointed directors as appropriate. When assessing the independence of a director, materiality is considered from the perspective of the Company and its subsidiaries (**Group**). The materiality thresholds considered by the Board are set out in the Board Charter. If the Board's assessment of a director's independence changes then the change is disclosed to the market.

Mr Peter Nicholson who joined the Board on 12 June 2012 is an employee at Resource Capital Funds Management Pty Ltd, which is a subsidiary of the entity that manages Resource Capital Fund V L.P. (RCF-V). RCF-V beneficially owns 13.31% of the voting rights in the Company. The Board has considered the independence of Mr Nicholson and concluded that Mr Nicholson's indirect relationship with RCF-V and his inability to exert any control over RCF-V means that he is considered by the Board to be an independent director in accordance with NI 58-101.

Mr Colin Steyn is not considered to be independent within the definition of independence set out in ASX Recommendation 2.1 due to his direct association with Lancaster Park. As of the date of this statement, Lancaster Park holds a 5.81% shareholding in the Company, which under the Corporations Act means Lancaster Park is a substantial shareholder of the Company.

NI 52-110 provides that to be independent an individual must not have a direct or indirect material relationship with the Company which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgement. Mr Steyn does not have either a direct or indirect material relationship with the Company as defined under NI 52-110 and it is the Board's view that Mr Steyn exercises independent judgement at all times. Therefore, Mr Steyn is considered an independent director under NI 58-110.

Mr Geoffrey Handley, Mr Nicholas Sheard and Mr Ian McCubbing are independent directors of the Company.

Non independent directors

Mr Ian Purdy is not independent as he is an executive of the Company in the role of Managing Director.

Apart from Mr Purdy, all directors are independent within the meaning of NI 58-101.

Majority of directors are independent

During the first half of 2012 three of the five directors of the Board were independent non-executive directors. The Board is currently composed of four independent non-executive directors, which constitute a majority of the Board of six directors.

Directorships of other issuers

The following directors of the Company are directors of other companies that are reporting issuers or the equivalent in Canada or elsewhere:

Director	Reporting Issuer
Geoffrey Handley	PanAust Limited Eldorado Gold Corporation Endeavour Silver Corp
Ian Purdy	Nil
Ian McCubbing	Kasbah Resources Limited Minemakers Limited Swick Mining Services Limited
Nicholas Sheard	Carpentaria Exploration Limited
Colin Steyn	Coalspur Mines Limited Keegan Resources Inc.
Peter Nicholson	Cape Alumina Limited

Meetings held by the independent directors where non-independent directors / management do not attend

The independent directors confer at least annually without non-independent directors and management present. During the 2012 financial year the independent directors held four such meetings.

Independence, role and responsibilities of Chair

Mr Handley assumed the role of Chairman of the Board on 1 January 2012. Mr Handley is an independent and non-executive director. The Chairman is appointed by the directors of the Board and it is the Company's policy that the Chairperson and Managing Director is not the same individual.

The Chairman is responsible for chairing Board and Company meetings, providing leadership to the Board and the Group, overseeing shareholder communications, and ensuring that there are procedures and processes in place to evaluate the Board, its committees and individual directors and that these evaluations are conducted. The Board has developed a written position description for the Chairman which is summarised in the Company's Board Charter.

Attendance record of Directors

The attendance record of the Directors for all meetings of the Board held since the beginning of the Company's most recently completed financial year was as follows:

Director	Type of Meeting		
	Board of Directors	Audit Committee	Remuneration Committee
Geoffrey Handley	7 of 7	n/a	3 of 3
Ian Purdy	7 of 7	n/a	n/a
Ian McCubbing	7 of 7	4 of 4	3 of 3
Nicholas Sheard	6 of 7	3 of 4	n/a
Colin Steyn	6 of 7	4 of 4	2 of 3
Peter Nicholson	5 of 5	n/a	1 of 1

Board Mandate

The Board assumes responsibility for the stewardship and overall direction, management and corporate governance of the Group. The roles and responsibilities of the Board are formalised in the Board Charter, which defines in detail the matters that are reserved for the Board and its committees, and those that the Board has delegated to management.

The Board Charter was reviewed and amended during the 2012 financial year and is posted to the corporate governance section of the Company's website a copy of which is attached as **Appendix A**.

Position Description

Chair of board and board committees

Board

The Board has developed a written position description for the Chairman which is summarised in the Company's Board Charter.

Board committees

(i) Audit Committee

Mr McCubbing is the Committee Chairman. The Board has developed a written position description for the Committee Chairman, which is summarised in the Company's Audit Committee Charter which is posted to the corporate governance section of the Company's website. During 2012, the Audit Committee met four times. Additional information regarding the Audit Committee is also included in the Company's Annual Information Form dated 28 March 2013 and available at www.sedar.com.

(ii) Remuneration and Nomination Committee

Mr Handley is the Committee Chairman. The Board has developed a written position description for the Committee Chairman, which is summarised in the Company's Remuneration and Nomination Committee Charter which is posted to the corporate governance section of the Company's website. During 2012, the Remuneration and Nomination Committee met three times.

CEO

The Board has specified the position description for the Chief Executive Officer (**CEO**) in the terms of engagement between the Company and Mr Purdy who is the CEO.

Senior Executive Evaluation

The Board evaluates the performance of senior executives by reviewing the achievement of key strategic outcomes set by the Board against measurable and qualitative indicators and fulfilment of the senior executives' responsibilities and duties. A performance review was undertaken for the Managing Director and senior executives during the 2012 financial period. The results of the reviews are included in the audited Remuneration Report in section 3 of the Directors' Report.

Orientation and Continuing Education Orientation

The Company does not provide a formal orientation program for new directors. However, new directors are educated about the nature and operation of the Company's business, current issues, corporate strategy and the role of the Board, its committees and its directors by the current directors and senior officers. The Company provides new directors with an information pack consisting of an appointment letter, corporate governance policies, including a Securities Trading Policy (which was reviewed and amended in 2012), and other information about the Company. The Securities Trading Policy is posted to the corporate governance section of the Company's website

Education

The Company does not provide a formal education program for new directors. Directors are expected to maintain the skills required to discharge their duties as directors of the Company. During 2012, the Board compiled a skills register of the Directors' skill sets. The Board is satisfied that it has the required skills sufficient to fulfil its duties.

All directors are encouraged to participate in industry conventions and forums, and continuing education opportunities to update and enhance their skills and knowledge as directors, and to maintain a current and thorough understanding of the Company's business.

Ethical Business Conduct

Written code of conduct

The Company has adopted a Code of Conduct that sets out the standards of ethical behaviour required of the Board, senior executives and all employees. The Company's subsidiary in Brazil, Mirabela Mineração do Brasil Ltda, has adopted a Code of Conduct that is closely aligned with that of the Company.

Obtaining

The Code of Conduct is posted to the corporate governance section of the Company's website.

Board monitoring of compliance

The Company monitors adherence to the Code of Conduct and possible fraud activity through a whistleblower hotline, employee training and regular feedback from management.

The Board monitors compliance with the code by requiring management and supervisors to assume responsibility for the conduct of those who report to them. On-going fraud awareness occurs by means of continuous discussions with executive and management personnel and through the internal weekly news publication.

Establishment of hotline

During 2012, the hotline was introduced through detailed written communication and workshops held at the Santa Rita mine site. The hotline is managed by an independent consultant and is accessible to all employees and third parties by email, telephone or mail. Hotline submissions are initially reviewed and filtered by the independent consultant who forwards any alleged fraud complaints to a hotline steering committee. The hotline steering committee meets as and when required to address all complaints that have been forwarded by the independent consultant. If warranted, the fraud allegations are then forwarded to Ernst & Young forensics for investigation. No fraud allegation through the hotline was confirmed during 2012.

Transactions with Named Executive Officers

During 2012, there were no transactions between the Company and its named executive officers (*NEOs*).

Material departure from code

There have been no departures from the Code of Conduct by a director or an executive officer.

Steps Board takes to ensure directors exercise independent judgment

In accordance with the *Corporations Act 2001* (Cth), the Company's constitution and conflict protocol, directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists, the director concerned is not present at the meeting whilst the item is considered.

Board's encouragement and promotion of ethical business conduct

To encourage ethical business practices, with the prior approval of the Chairman or independent directors, each director has the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfil his duties and responsibilities as a director.

Board's encouragement of diversity

The Company is committed to the development of a workplace environment that promotes diversity and recognises the key competitive benefits of recruiting, developing and retaining a talented, diverse and motivated workforce. The Company recognises that diversity in its business helps create sustainable shareholder value, provides a more dynamic and enjoyable work environment, and will often create new opportunities for the Company. The Company considers diversity

to be about recognising, respecting and valuing differences based on, but not limited to, gender, ethnicity, age, religion, disability, national origin and sexual orientation.

In 2012, the Board set measurable objectives and the progress towards achieving these objectives are set out in the Table below.

Measurable Objectives	Progress Objectives
Development and assessment of measurable objectives for the achievement of gender and cultural diversity.	Measureable objectives were developed and assessments of achieving the objectives are ongoing.
Approach all board appointments with no bias towards gender or cultural diversity but with selection criteria based on experience and merit to enhance the skills of the Board.	All Board appointments that occurred during the year were approached in accordance with the objective. The Board noted that priority will be given to the appointment of a female director when the next director is appointed, other than on the normal rotation of directors.
Recruitment and selection is approached with equality that ensures no bias towards gender or cultural diversity with selection criteria based on experience and merit.	Recruitment and selection that took place during the year was approached in accordance with the objective.
Promotions are based on equality with no bias towards gender or cultural diversity to ensure the best person for the role is selected. Approach all training and career development opportunities with equality to ensure no bias towards any staff member(s).	All promotions made during the year were approached in accordance with the objective. All training and career development that took place during the year was conducted in accordance with the objective.
Offer flexible working arrangements for mothers of young children, provided the arrangement is acceptable to both the employee and the Company.	The Company is working with employees to support flexible working arrangements. The arrangements are reviewed as part of the annual collective bargaining agreement negotiations in Brazil.
Promotion of equality in remuneration levels.	Remuneration levels across the organization are reviewed annually as part of the annual remuneration review process. During this process any inequalities are identified and addressed. This took place during the year under review.

Responsibility for adopting and reviewing all matters related to diversity rests with the Board. The Remuneration and Nomination Committee is responsible for ensuring that diversity is considered in the selection, appointment and re-election of directors. The Remuneration and Nomination Committee, in consultation with management (as appropriate), oversees the implementation and ongoing monitoring of the Group's diversity strategy.

The Company's gender diversity as at 31 December 2012 is set out in the table below:

	31 December 2012	%
Women on the Board	0	0
Women in senior management	1	16.7
Women employees in total	100	12.1

Nomination of Directors

Process to identify new directors

The Remuneration and Nomination Committee operates under a charter approved by the Board, which amongst other things, describes the process by which the Board identifies new candidates for Board nomination. The Remuneration and Nomination Committee Charter was reviewed and revised in early 2012, a copy of which is posted on the Company website.

Independence of Remuneration and Nomination Committee

During the 2012 financial year the Remuneration and Nomination Committee members comprised of Mr Handley (Committee Chairman), Mr McCubbing, Mr Nicholson (joined the Committee on 12 June 2012) and Mr Steyn (resigned from Committee on 12 June 2012) who are independent directors.

Responsibilities, powers and operation of the Remuneration and Nomination Committee

The responsibilities, powers and operation of the Remuneration and Nomination Committee are set out in the Remuneration and Nomination Committee Charter.

Compensation

Process for determining compensation of the issuer's directors and officers

The Remuneration and Nomination Committee is responsible for determining and reviewing compensation arrangements for the directors, the Managing Director and executives.

The Remuneration and Nomination Committee reviews remuneration levels and other terms of employment on an annual basis having regard to relevant market conditions, strategy of the Group, qualifications and experience of the NEOs and performance against targets set for each year.

The Remuneration and Nomination Committee obtains independent advice on the appropriateness of remuneration packages of the Group given trends in comparative companies both locally and internationally, and the objectives of the Group's remuneration strategy.

Independence of Remuneration and Nomination Committee

During the 2012 financial year the Remuneration and Nomination Committee members comprised of Mr Handley (Committee Chairman), Mr McCubbing, Mr Nicholson (joined the Committee on 12 June 2012) and Mr Steyn (resigned from Committee on 12 June 2012) who are independent directors.

Responsibilities, powers and operation of the Remuneration and Nomination Committee

The responsibilities, powers and operation of the Remuneration and Nomination Committee are set out in the Remuneration and Nomination Committee Charter.

Identity of and the mandate of the compensation consultant

During 2012, the Board used an independent remuneration consultant, Egan Associates, to provide advice on the structure of new incentive schemes and to benchmark KMP remuneration. The Remuneration and Nomination Committee uses Hay do Brasil Consultores Ltda for advice and recommendations in respect of benchmarking and remuneration structuring in Brazil.

The Remuneration and Nomination Committee Charter provides that the Remuneration and Nomination Committee may engage and compensate independent expert external advisers on terms determined by the Committee to assist it in performing its duties.

Other Board Committees

The Board currently has no standing committees other than the Audit Committee, and the Remuneration and Nomination Committee. The information prescribed by Part 5 of National Instrument 52 – 110 Audit Committees of the Canadian

Securities Administrators, is set out under the heading "Audit Committee" in the Company's Annual Information Form dated 28 March 2013.

Assessments

The effectiveness and contribution of the Board is formally reviewed annually in accordance with the Board Charter. Each member of the Board annually undergoes a Board self-assessment by way of completion of a questionnaire. The results are compiled by the Chairman and any issues arising from the self-assessment questionnaires are dealt with on an exception basis. The Board undertook a self-assessment during 2012 in accordance with this process and determined that the Board was functioning appropriately.

The Audit Committee Charter is reviewed on a regular basis and annually by the Audit Committee who may request the Board to make amendments to the Audit Committee Charter and confirm that all responsibilities have been discharged. The Remuneration and Nomination Committee Charter is reviewed annually by the Remuneration and Nomination Committee who may request the Board to make amendments to the Remuneration and Nomination Committee Charter.

Disclosure

The Company has adopted a Continuous Disclosure Policy which sets out management's roles and responsibilities and the processes to be followed in order to ensure compliance with ASIC, ASX and TSX continuous disclosure obligations.

The policy sets out the roles and responsibilities of directors, officers and employees of the Group to ensure that the Company maintains a level of disclosure that is of a high standard, promotes compliance with the Company's disclosure obligations and provides investors timely and equal access to information.

A Disclosure Committee composed of selected Board members, senior executives, and an external legal adviser manages day-to-day compliance with the Company's continuous disclosure obligations.

During 2012, the Company reviewed and amended its Continuous Disclosure Policy which is posted to the corporate governance section of the Company's website

Annexure A: Board Charter

The board of directors (“**Board**”) of Mirabela Nickel Limited (“**Company**”) considers that the essential responsibility of Company directors (“**Directors**”) is to oversee the Company’s activities for the benefit of its shareholders (“**Shareholders**”), employees and other stakeholders and to protect and enhance Shareholder value.

A ROLE, COMPOSITION, ADMINISTRATION AND RESPONSIBILITIES

1 Purpose and Role

The Board is primarily responsible for ensuring that the Company and its subsidiaries (“**Group**”) have an appropriate corporate governance structure aimed at maximising and protecting Shareholder value.

The Board is also responsible for ensuring that the Group’s senior management (“**Management**”) recognises the Group’s legal and other obligations to all legitimate stakeholders. “**Stakeholders**” are groups that are likely to feel a social, environmental, economic or financial impact from the Group’s actions. They include Shareholders, customers, suppliers, employees, government regulators and members of the communities where the Group operates and who are affected by the Group’s activities.

This Board charter (“**Charter**”) explains the Group’s commitment to corporate governance. It is not an ‘all inclusive’ document and should be read as a broad expression of principles.

The Board intends that the Group should adopt best practice principles and comply with all applicable laws, including requirements of the Australian *Corporations Act 2001* (Cth) (“**Corporations Act**”), the Australian Stock Exchange (“**ASX**”) Listing Rules, the Toronto Stock Exchange (“**TSX**”) Listing Requirements and all relevant Canadian Securities Administrators (“**CSA**”) National Instruments and Ontario Securities Commission (“**OSC**”) Multilateral Instruments. In particular, the Group endorses the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations 2nd Edition (“**ASX Principles**”) and the CSA Corporate Governance Guidelines (“**NP 58-201**”).

2 Responsibilities

The Board assumes responsibility for the stewardship of the Group and the overall direction and corporate governance of the Group. The Board is also responsible for:

- (a) overseeing the Group;
- (b) developing the Group’s approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to the Group;
- (c) adopting a strategic planning process and approving, on at least an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of the Group’s business;
- (d) overseeing and monitoring the achievement of strategic goals and objectives;
- (e) reviewing and approving the Group’s business plans, annual budgets and financial plans, including major capital expenditure initiatives;
- (f) approving and monitoring the progress of major capital expenditures and other corporate projects including acquisitions, mergers and divestitures and the issue of any securities;
- (g) approving and monitoring financial and other reporting, including the annual and half yearly reports;
- (h) identifying the principal risks of the Group’s business and ensuring the implementation of appropriate systems to manage those risks (including in relation to internal control and management information systems, codes of conduct and legal compliance);
- (i) at least annually, reviewing the effectiveness of the Group’s implementation of its risk management system and internal control frameworks;
- (j) appointing, and, if necessary, removing the Managing Director (“**MD**”), the Chief Financial Officer of the Group (“**CFO**”) and the Company Secretary of the Group (“**Company Secretary**”);
- (k) where appropriate, ratifying the appointment and the removal of other members of Management;
- (l) developing, together with the MD, a clear position description for the MD, including a delineation of Management’s responsibilities and the corporate goals and objectives that the MD is responsible for meeting;
- (m) providing input into and final approval of Management’s development of performance objectives;

- (n) ensuring appropriate resources are available to Management and that they are adequately experienced and trained;
- (o) succession planning (including appointing, training and monitoring Management);
- (p) to the extent feasible, satisfying itself as to the integrity of the MD and other members of Management and that such persons create a culture of integrity throughout the Group;
- (q) developing clear position descriptions for the chairman of the Board (“Chairman”) and the chairman of each Committee;
- (r) adopting a communication policy for the Group and approving procedures for communicating with Shareholders, Stakeholders, analysts and other significant interested parties;
- (s) enhancing and protecting the Group’s reputation; and
- (t) approving charters of Board committees (“Committees”).

In discharging his/her duties, each Director must:

- (a) exercise care and diligence;
- (b) act in good faith and in the best interests of the Group;
- (c) not improperly use his/her position or misuse information of the Group;
- (d) commit the time necessary to discharge effectively his/her role as a Director; and
- (e) bring independent judgement to bear in decision-making.

3 Powers of the Board

In addition to matters expressly required by law to be approved by the Board, powers specifically reserved for the Board are as follows:

- (a) appointment and removal of the MD and approval of the appointment of executives reporting to the MD;
- (b) approval of strategy and annual budgets;
- (c) determination of capital and non-capital acquisitions and divestitures in accordance with approval frameworks; and
- (d) determination and adoption of documents that are required by the Group’s constitutional documents, statutes and other external regulations (including the publication of reports).

Subject to the limitations imposed by the Group’s constitutional documents, statutes and other external regulations, the Board remains free to alter the matters reserved for its decision.

4 Composition

The Board will be of a size and composition that is conducive to:

- (a) making appropriate decisions,
- (b) incorporating a variety of perspectives and skills; and
- (c) representing the best interests of the Group as a whole rather than of individual Shareholders or other stakeholders.

There will be a minimum of three Directors.

5 Independence of Directors

A majority of the non-executive Directors will be independent Directors. An independent Director is a non-executive Director who:

- (a) is not a member of Management; and
- (b) has no direct or indirect relationship with the Group which could reasonably interfere with – or could reasonably be perceived to materially interfere with – the exercise of the Director’s independent judgement.

When determining the independent status of a Director the Board will consider whether the Director:

- (a) is a substantial Shareholder of the Company (as defined in section 9 of the Corporations Act), or an officer of, or otherwise associated directly with, a substantial Shareholder of the Company;

- (b) is an affiliated entity of the Group (as defined in section 1.4(3)(g) of Canadian OSC Multilateral Instrument “MI” 52-110);
- (c) has, within the last three years, been an employee or executive officer of the Group;
- (d) has an immediate family member who has, within the last three years, been an executive officer of the Group;
- (e) has, within the last three years, been a principal, partner, employee or affiliated entity of a material professional adviser or consultant to the Group (including an external or internal auditor);
- (f) has an immediate family member who has, within the last three years, been a principal, partner, employee or affiliated entity of a material professional adviser or consultant to the Group (including an external or internal auditor);
- (g) has, or has an immediate family member who has, within the last three years, been an executive officer of another entity where any of the Group’s current executive officers serve on that entity’s compensation committee;
- (h) is a material supplier or customer of the Group, or an officer of or otherwise associated directly or indirectly with, a material supplier or customer;
- (i) has any material contractual relationship with the Group other than as a Director;
- (j) has a relationship with the Group pursuant to which the Director may accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Group, other than as remuneration for acting in his or her capacity as a member of the Board or of any Committee, or as a part-time chairman or vice-chairman of the Board or any Committee;
- (k) has, or has an immediate family member who has, within the last three years, received more than C\$75,000 per year in direct compensation from the Group, other than as remuneration for acting in his or her capacity as a member of the Board or any Committee, or as a part-time chairman or vice-chairman of the Board or any Committee; or
- (l) has served on the Board for a period which could materially interfere with the Director’s ability to act in the best interests of the Group.

In determining independence, the Board will consider ‘materiality’ on a case by case basis, by applying the following guiding principles;

- (a) Relevant Australian accounting standards generally indicate that an interest of more than 10% of the relevant base will prima facie be material and an interest of less than 5% of the relevant base will prima facie not be material. Interests of between 5% and 10% of the relevant base may be material, depending on the circumstances. In the context of each situation the Board determines the appropriate base to apply (for example, revenue, equity or expenses).
- (b) Overriding the quantitative assessment is the qualitative assessment. Specifically, the Board considers whether there are any factors or considerations which may mean that the Director’s interest, business or relationship could, or could reasonably be perceived to, materially interfere with the Director’s ability to act in the best interests of the Group.

The Board reviews the independence of each Director on an on-going basis, in light of interests disclosed to the Board.

Directors are to inform the Chairman prior to accepting any new appointment to the board of any other entity.

Where the independent status of a Director is lost, this will be disclosed to the market in a timely manner.

6 Appointment, Retirement and Removal of Directors

The Remuneration and Nominations Committee is responsible for making recommendations to the Board relating to the appointment and retirement of Directors. The Board will refer to the criteria for appointment of new Directors reviewed and recommended by the Remuneration and Nominations Committee. The appointment process will be conducted in a manner that promotes diversity.

All Directors (except the MD) are required to retire and submit themselves for re-election at regular intervals and at least every three years.

When recommending a Director for re-election, the Board will balance its composition, skills and competences with the performance, skills and competence of the incumbent Director.

A new Director will receive a formal letter of appointment setting out the key terms and conditions relative to the appointment.

7 Orientation of New Directors and Continuing Education

The following induction procedures are in place to allow new Directors to participate fully and actively in Board decision-making at the earliest opportunity:

- (a) Each new Director will be provided with a package of comprehensive information on:
 - (i) the nature and operation of the Group's business;
 - (ii) the Group's governance practices;
 - (iii) the role of the Board and its Committees; and
 - (iv) the contribution individual Directors are expected to make (including, in particular, the commitment of time and resources that the Group expects from its Directors).
- (b) Each new Director will have the opportunity to meet with Management to gain an understanding of the operating and strategic issues facing the Group, and the business environment in which it operates.

Each Director is encouraged to take courses and seminars, at the expense of the Group, that focus on:

- (a) maintenance or enhancement of the skills and abilities required to be an effective Director; and
- (b) key developments in the Group and in the industry and environment within which it operates, to ensure the Director's knowledge and understanding of the Group's business remains current.

8 Access to Information and Independent Advice

The Board must be provided with the information it needs to discharge its responsibilities effectively.

Management must supply the Board with information in a form and timeframe, and of a quality that enables the Board to discharge its duties effectively. Directors are entitled to request additional information where they consider such information necessary to make informed decisions.

Any Director may take such independent legal, financial or other advice as they consider necessary at the Group's cost. Any Director seeking independent advice must first discuss the request with the Chairman.

9 Committees

To assist the Board in fulfilling its duties and responsibilities, it has established two Committees:

- (a) Remuneration and Nomination Committee; and
- (b) Audit Committee.

Each Committee has:

- (a) a formal Charter and has been granted certain delegations; and
- (b) an obligation to report on its meetings to the Board.

Minutes of all Committee meetings are made available to all Directors.

The Board may establish other Committees as required to assist it in fulfilling its duties.

10 Meetings

The Board will meet at least six times per year. Additional meetings will be convened as circumstances warrant.

Directors are expected to attend meetings of the Board and its Committees on which they serve and to spend the time needed to properly discharge their duties and responsibilities. They are expected to review meeting materials before Board meetings and meetings of Committees on which they serve.

All Directors (including executive Directors) are entitled to be heard at all meetings of the Board.

Directors are encouraged to ask questions of, request information from, and raise any issue of concern with Management. Management will be regularly involved in Board discussions.

The independent Directors must confer at least annually without Management and non-independent Directors present.

11 Conflicts

The Board has developed the following protocol in relation to disclosure of interests:

- (a) Directors must disclose all interests and other directorships.
- (b) Directors may choose to submit standing notices of interest to all Board members, or must disclose their interest in a matter being considered by the Board at that time.
- (c) Directors must warn of any potential conflict with duty to another company and ensure any change in circumstances is advised.
- (d) Directors must consult with the Chairman prior to a Board meeting if they have a sufficiently material personal interest, or a conflict of interest, in a matter that is being considered at that Board meeting.
- (e) Directors must obtain the Group's consent before disclosing Group information to another company or third party.

In accordance with the ASX Listing Rules, each Director is required to enter into an agreement with the Company to provide details of his or her 'relevant interest' in the Company's securities on appointment, within five business days (or such lesser period as set out in the relevant agreement) of a change in the 'relevant interest', and following retirement. Any change in a Director's interest must be notified to the Australian Securities Exchange within five business days by lodgement of an Appendix 3Y.

Each Director has a duty to avoid conflicts of interest, and, as noted above, must notify the Board of any potential conflicts he or she may have, including any which may arise as a result of his or her duty to another company.

The MD does not participate in deliberations of the Board or a Committee when matters could affect his or her position.

12 Review of Board Performance

Every 12 months the Board will conduct a formal review of the Board as a whole, its effectiveness and contribution, as well as the effectiveness and contribution of its Committees, the Chairman and its individual Directors. The review will include:

- (a) examination of the effectiveness and composition of the Board, including the required mix of skills, experience, expertise and diversity which the non-executive Directors should bring to the Board for it to function competently and efficiently;
- (b) review of the Group's strategic direction and objectives;
- (c) assessment of whether corporate governance practices are appropriate, with regard to operation of the governance processes established in this document;
- (d) assessment of whether the expectations of differing Stakeholders have been met;
- (e) in the case of the Board or a Committee, consideration of the relevant charter; and
- (f) in the case of an individual Director, consideration of the applicable position description(s), as well as the competencies and skills each individual Director is expected to bring to the Board.

As part of this process, the Chairman:

- (a) meets at least annually with Management to discuss with them their views of the Board's performance and level of involvement;
- (b) meets at least annually with the other non-executive Directors without executive Directors or Management present to discuss the Board's performance, including the Chairman's; and
- (c) provides feedback to each individual Director in relation to his or her contributions and performance, as appropriate.

Informal reviews of the Board's performance are conducted as necessary. In addition, any Director may suggest that the Board conduct a formal review earlier than the 12-month timeframe which generally applies.

B THE BOARD AND MANAGEMENT

1 Role and Responsibilities of Chairman

The Chairman is appointed by the Directors.

The Chairman:

- (a) will be an independent Director;
- (b) will not exercise the role of MD of the Group;
- (c) will not have previously held the position of MD of the Group.

The Board will identify an independent Non-Executive Director to act as Chairman in the event that the Chairman is unable to do so for any reason. The Board will periodically keep the Shareholders informed through appropriate disclosure of its choice in this regard.

The Chairman is responsible for:

- (a) providing leadership to the Board and the Group;
- (b) developing a plan for the succession of the Chairman, and will periodically evaluate the plan;
- (c) overseeing the Board in the effective discharge of its supervisory role;
- (d) the efficient organisation and conduct of the Board's function and meetings;
- (e) setting the agenda for each meeting in consultation with the MD and the Company Secretary (any Director may request that an item be added to the agenda);
- (f) facilitating the effective contribution of all Directors;
- (g) briefing all Directors in relation to issues arising at meetings;
- (h) calling and chairing Board meetings and Shareholder meetings;
- (i) the promotion of constructive and respectful relations between Board members and between the Board and Management;
- (j) acting as official spokesperson for the Board;
- (k) committing the time necessary to discharge effectively his/her role as Chairman;
- (l) scheduling regular and effective evaluations of the Board's performance; and
- (m) overseeing Shareholder communications.

The Chairman has authority to act and speak for the Board between meetings, including engaging with the MD and conducting monitoring activities. The Chairman will report to the Board and Committee chairman, as appropriate, on decisions and actions taken between meetings of the Board.

2 Role of the Managing Director

Responsibility for the day-to-day management of the Group is assigned by the Board to the MD, who is accountable to the Board.

The MD will manage the Group in accordance with the corporate objectives, strategy, plans and policies approved by the Board.

The Board has determined that the MD is appropriately qualified and experienced to discharge the required responsibilities. The Board has in place procedures to assess the performance of the MD.

Beyond the terms in section A3 above (Powers of the Board), the Board also assigns to the MD all authority to achieve the corporate objectives approved by the Board. The MD is free to take all decisions and actions which further the corporate objectives, which in his/her judgement, are reasonable having regard to the MD's authority limits.

The MD is accountable to the Board for the authority that the Board assigns to the MD, and the performance of the Group. The Board will monitor the decisions and actions of the MD and the performance of the Group to gain assurance that progress is made towards the corporate objectives within the spirit of the MD's authority limits.

3 Responsibilities of Managing Director

The MD is responsible for:

- (a) managing the business of the Group to ensure its ongoing viability and integrity;
- (b) developing with the Board, then implementing and monitoring strategic plans for the Group;
- (c) developing, implementing and monitoring annual budgets, business plans and financial plans;

- (d) implementing and monitoring all major capital expenditures, and other corporate projects including acquisitions, mergers and divestitures, including the issue of any securities;
- (e) developing and approving all material reporting and external communications by the Group;
- (f) acting as the primary channel of communication between Management and the Board;
- (g) formulating strategies for the development of the Group's mineral assets and, at the direction of the Board, overseeing the development of those assets;
- (h) developing and ensuring that appropriate systems and processes for the identification, assessment reporting and management of risks (including internal control and management information systems) are implemented, maintained and monitored and that these systems and processes are effective;
- (i) promoting and marketing the Group to investors;
- (j) advising the Board in relation to all relevant issues affecting the Group and its operational and financial performance;
- (k) ensuring information supporting the agenda for Board meetings is provided to Board meetings, in consultation with the Chairman;
- (l) reporting to the Board on succession plans for Management positions, potential candidates for vacant Management positions, and annual performance for incumbent Management;
- (m) ensuring the proper implementation of the Group's policies, procedures and systems; and
- (n) otherwise carrying out the day-to-day management of the Group.

The MD will have a formal employment agreement describing his/her term of office, duties, rights and responsibilities and entitlements on termination.

At each meeting where the Board approves the half-year and full-year financial statements, the MD must provide the Board with a written declaration (together with an equivalent declaration from the Chief Financial Officer) which includes a declaration whether, in the MD's opinion:

- (a) the financial records of the Group for the relevant reporting period have been properly maintained in accordance with section 286 of the Corporations Act;
- (b) the Group's financial statements for the relevant reporting period comply with relevant accounting standards (including the notes referred to in sections 295(3)(b) or 303(3) of the Corporations Act);
- (c) the financial statements and notes for the reporting period give a true and fair view of the financial position and performance of the Group;
- (d) declaration (c) is founded on a sound system of risk management and internal control which, in all material respects, implements the policies adopted by the Board; and
- (e) the Group's risk management and internal control system is operating effectively in all material respects.

At each meeting where the Board approves the annual financial statements and interim financial statements of the Group, the MD (and the Chief Financial Officer) must provide the Board with the certifications required by Canadian Securities Administrators National Instrument ("NI") 52-109.

4 The Company Secretary

The Company Secretary supports the effectiveness of the Board by:

- (a) monitoring that Board policy and procedures are followed;
- (b) co-ordinating the completion and despatch of Board agendas and briefing papers; and
- (c) maintaining compliance systems which ensure the Board and the Group adhere to the ASX Listing Rules, the TSX Listing Requirements, the Corporations Act and the Canada Business Corporations Act.

The Company Secretary is responsible to the Board, through the Chairman, on all governance matters.

C OTHER MATTERS

1 Stakeholder Communications

The Group aims to ensure that Stakeholders are well-informed of all major developments affecting the state of affairs of the Group. To achieve this, the Group has implemented the following procedures:

- (a) Stakeholders can gain access to information about the Group, including media releases, key policies and the terms of reference of the Committees, through the Group's website www.mirabela.com.au. The Annual Report and financial accounts are available on the Group's website following the end of the Group's financial year. Information is also communicated to Shareholders via periodic mail outs.
- (b) All relevant announcements made to the market and any related information are posted on the Group's website as soon they have been released to the ASX and the TSX.
- (c) The Group encourages full participation of Shareholders at the Annual General Meeting to ensure a high level of accountability and discussion of the Group's strategy and goals. The Group will also invite the external auditor to attend the Annual General Meeting and be available to answer Shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.
- (d) Stakeholders are permitted to contact the independent Directors (via email to the Company Secretary) in order to provide feedback regarding the Group.

2 Director Protection Deeds

The Company indemnifies each Director to the fullest extent permitted by law.

Each Director is entitled to a Director protection deed which will include provisions relating to:

- (a) access to Board papers;
- (b) confidentiality;
- (c) indemnity by the Company; and
- (d) the provision of directors and officers insurance.

3 Board Resolutions

Circular resolutions of the Board:

- (a) are to be sent to all Directors who are entitled to vote on the resolution; and
- (b) are considered passed if all of the Directors entitled to vote on the resolution assent to the resolution.

A resolution of Directors considered at a Board meeting is considered passed if assented to by a majority of the Directors entitled to vote on the resolution.

4 Code of Conduct

The Company Code of Conduct is to be observed by all Directors, employees, consultants and any other person when they represent the Group.

All Directors and Managers are required to sign-off confirming adherence to the Code of Conduct.

The Board periodically reviews the Company's Code of Conduct and Group compliance to the Code of Conduct.

5 Financial Results

As part of the Group's continuous disclosure obligations, the Group must provide:

- (a) commentary on its financial results to enhance the clarity and balance of the report, including information needed by an investor to make an informed assessment of the Group's activities and results; and
- (b) a narrative explanation, through the eyes of management, of how the Group performed during the period covered by the financial statements, and of the Group's financial condition and future prospects.

As part of its review of operations and activities as required by the section 299A of the Corporations Act and Listing Rule 4.10.17, the Group will conduct its review in accordance with the Group of 100 publication which is reproduced in ASX Guidance Note 10 - Review of Operations and Activities.

The Group's "Management's Discussion & Analysis", to be filed with its annual financial statements and interim financial statements, will contain the information required by OSC Form 51-102F1.

6 Annual Report – Corporate Governance Statement

The Group's Annual Report is to include a corporate governance statement which will contain the content advised by:

- (a) the ASX Principles (as well an explanation of any departures from the ASX Principles); and
- (b) the TSX guidelines entitled "Corporate Governance – A Guide to Good Disclosure".

7 Notice of Meeting

The Group generally adopts the ASX Principles for Notices of Meetings and the CSA National Instrument 54-101 (Communication with Beneficial Owners of Securities of a Reporting Issuer).

8 External Auditor

The external auditor must attend the Group's annual general meeting and must be available to answer questions about:

- (a) the conduct of the audit;
- (b) the preparations and content of the auditor's report;
- (c) the accounting policies adopted by the Group in relation to the preparation of the financial statements; and
- (d) the independence of the external auditor in relation to the conduct of the audit.

9 Administrative Matters

The Company Secretary attends meetings of the Board as minute secretary. Management will be invited to attend meetings (or parts of meetings) from time to time where the Board considers their involvement of assistance to the consideration of items of business before the Board. In this regard, members of Management may, at the invitation of the Board, attend Board meetings on a regular basis even though they are not members of the Board.

All minutes of the Board are signed by the Chairman as a true and correct record and are then to be entered into the minute book and will be open for inspection by any Director.

All attendees at Board meetings are, as officers and/or fiduciaries, required to keep all information presented to or discussed at Board meetings confidential (whether written or oral).

The Board papers will be collated and circulated to Directors by the Company Secretary and the Company Secretary will supervise the filing and storage of all Board papers.

At least once each year, the Directors will review this Charter and approve any required amendments, including those required to comply with the ASX Principles and NP 58-201.

MIRABELA NICKEL LIMITED
ABN 23 108 161 593
PROXY FORM

I/We (name of Shareholder)
of (address)

being a member/members of Mirabela Nickel Limited APPOINT:

(name).....

of (address)

and/or failing him/her (name)

of (address)

or failing that person then the chairman of the Annual General Meeting (**Meeting**) as my/our proxy to act generally for me/us and to vote in accordance with the following directions or, if no directions are given, as the proxy sees fit at the Annual General Meeting of the Company to be held at **9:00am (Perth Time) on Thursday, 30 May 2013 at Level 31, Allendale Square, 77 St Georges Terrace, Perth, Western Australia** and at any adjournment of the Meeting. **This proxy is solicited on behalf of management of Mirabela Nickel Limited.**

Important: If the chairman of the Meeting is your nominated proxy, or may be appointed by default, and you have not directed your proxy how to vote on the Resolutions, please place a mark in the box to the left. By marking the box, you expressly appoint the chairman of the Meeting as your proxy and authorise the chairman to exercise your vote by proxy on Resolutions 1, 2 (if applicable), 5, 6, 7(a), 7(b) and 7(c) as the chairman sees fit (except where you have indicated a different voting intention below) even though Resolutions 1, 2 (if applicable), 5, 6, 7(a), 7(b) and 7(c) are connected directly or indirectly with the remuneration of a member of Key Management Personnel. If you do not mark the box, and you have not directed your proxy how to vote, the chairman of the Meeting will not cast your votes by proxy and your votes by proxy will not be counted in computing the required majority if a poll is called.

Important: The chairman of the Meeting intends to vote all undirected proxies IN FAVOUR of Resolutions 1 and 3 to 9 (inclusive) where authorised to do so. If Resolution 2 is required, the chairman intends to vote undirected proxies AGAINST that Resolution.

Should you desire to direct your proxy as to how to vote, you should place a cross in the appropriate boxes below and your proxy will vote in accordance with your instructions:

I/We direct my/our Proxy to vote in the following manner:

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Spill Resolution (if applicable)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Election of Mr Peter Bruce Nicholson as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Re-election of Mr Stuart Nicholas Sheard as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Adoption of 2013 Mirabela Nickel Limited Long Term Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval to Grant Performance Rights to a Director (Mr Ian Frank Purdy)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7(a)	Approval of Termination Benefits for Executive (Mr Ian Frank Purdy)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7(b)	Approval of Termination Benefits for Executive (Mr Anthony Peter Kocken)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7(c)	Approval of Termination Benefits for Executive (Mr Christiaan Philippus Els)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Amendment to Constitution for Annual Re-election of Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Amendment to Constitution for Proportional Takeovers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no directions are given my/our proxy may vote as my/our proxy thinks fit or may abstain.

The proxy is appointed to represent _____% of my/our voting right or if two proxies are appointed proxy 1 represents _____% and proxy 2 represents _____% of my/our total votes.
My/our total voting right is _____ shares.

By:

Shareholder 1 (individual)	Joint Shareholder 2 (individual)	Joint Shareholder 3 (individual)
Sole Director and Sole Company Secretary	Director/Company Secretary (delete one)	Director

This proxy is dated _____, 2013.

Proxy Notes

A Shareholder entitled to attend and vote at the Meeting may appoint any person as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting (other than any person named as proxy herein) by completing the information at the top of this proxy form. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is entitled to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

You must sign this form as follows in the spaces provided:

Joint Holding: where the holding is in more than one name all of the holders must sign.

Power of Attorney: if signed under a Power of Attorney, you must have already lodged the Power of Attorney with the registry, or alternatively, attach a certified photocopy, of it to this Proxy Form when you return it.

Companies: where the company has a sole director who is also a sole company secretary, this form must be signed by that person. Otherwise this form must be signed by a Director jointly with either another director or company secretary. Please indicate the office held by signing in the appropriate space. This form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting, the representative of the body corporate to attend the Meeting must produce a certificate of appointment of corporate representative prior to admission in accordance with the Notice. A form of the certificate may be obtained from the Company's share registry (details above).

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, and in respect of matters for which no direction is given.

Proxy Forms (and the Power of Attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by the Company at:

- (a) *Shareholders on the Company's Australian share register* – prior to **9:00 a.m. (Perth time) on Tuesday, 28 May 2013** by mail to Advanced Share Registry Limited, PO Box 1156, Nedlands, Western Australia, 6909 or delivered to Advanced Share Registry Limited, 150 Stirling Highway, Nedlands, Western Australia or by facsimile to Advanced Share Registry Limited at +61 8 9389-7871; or
- (b) *Shareholders on the Company's Canadian share register* – not later than **48 hours prior to the Meeting** by mail to Equity Financial Trust Company, attention Proxy Department, at 200 University Avenue, Suite 400, Toronto, Ontario, M5H 4H1 or by facsimile at +1 416 595-9593.

This proxy should be read with the accompanying Notice of Meeting and Explanatory Memorandum and Management Information Circular.