



# ALBIDON LIMITED

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20 March 2009

## CHAIRMAN'S ADDRESS AT GENERAL MEETING

**Chairman's address to be delivered at the general meeting of shareholders of Albidon Limited commencing at 9.30am at the Company's registered office.**

Ladies and Gentlemen,

Shareholders have been kept informed of the Company's situation via a series of business updates. In summary, the inability to ramp-up production at the Munali Nickel Project ("Munali"), together with the sharp fall in nickel prices since September 2008, have resulted in insufficient cash flow to meet ongoing obligations, including servicing debt. This has left the Company with no choice but to place Munali on care and maintenance and to seek a long-term solution to its funding challenges.

By the end of this month, there will be only about 60 employees and contractors left at Munali compared with a peak workforce of 1,200 during construction. The residual workforce will perform tasks associated with care and maintenance as well as essential planning for a restart of operations.

Jinchuan Group Limited has offered to fund the Company appropriately for the long term benefit of all shareholders until it becomes economically feasible to restart operations at Munali.

Jinchuan's funding proposal effectively consists of three components:

1. US\$1.8 million up front backed by concentrate production for the months of January and February 2009 – these funds have already been received by Albidon;
2. US\$7 million via the issue of approximately 135 million ordinary shares at US\$0.052 each or A\$0.08 each; and
3. A convertible note facility to fund essential activities going forward based on an agreed work plan and budget. The amount of this facility will be determined by the period of care and maintenance and the requirements of the restart plan for Munali.

The funding is conditional upon the following key items:

1. Due diligence on Munali – this has been largely completed by Jinchuan;
2. Agreement with the senior lenders with regards to funding arrangements;
3. Agreement with unsecured creditors; and
4. Shareholder approval.

In addition, Jinchuan will have the right to restructure the Company's board and management upon draw-down of the convertible note facility.

Discussions between the Company, its senior lenders, unsecured creditors and Jinchuan are continuing. Therefore, conditions 2 and 3 have not been met in the contemplated time frame. However, we believe that there are reasonable prospects of agreement being reached between the parties. Therefore, it is considered to be in the best interests of shareholders to seek your approval to the resolutions that would enable the Jinchuan funding to proceed.

The Company has sought and gained an extension of time until midnight on Monday, 23 March 2009, to finalise all of the conditions precedent. In the event that these resolutions are not passed, or the conditions precedent cannot be met, then your directors will seek to place the Company into administration which will likely lead to the senior banks taking control over the Company's assets, including Munali.

My fellow directors and I take the opportunity of thanking shareholders for their continued support during these difficult times and for the overwhelming votes by proxy in favour of the resolutions to be dealt with at this meeting.

We will now proceed to the formal part of the meeting.

## CONTACTS

If you have any queries please contact Alasdair Cooke and Paul Chapman on +61 8 9211 4600 or email [info@albidon.com](mailto:info@albidon.com).

Albidon's nominated adviser is RFC Corporate Finance Ltd, contact Stephen Allen +61 8 9480 2500.

Additional information may also be viewed on Albidon's website at [www.albidon.com](http://www.albidon.com).