



ALBIDON LIMITED
(Administrators Appointed)

LEVEL 1
62 COLIN STREET
WEST PERTH WA 6005
AUSTRALIA

TELEPHONE: +61 89211 4600
FACSIMILE: +61 8 9211 4699

EMAIL: INFO@ALBIDON.COM
WEBSITE: WWW.ALBIDON.COM
ABN:86 107 288 755

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ALBIDON LIMITED (ADMINISTRATORS APPOINTED)

Company Update

We are pleased to provide an update on the progress of the Jinchuan Group Limited (Jinchuan) restructure and recapitalisation proposal for the Albidon group. The Jinchuan proposal allows for the recapitalisation and re-quotations of the company pursuant to the following capital injections:

- The injection of US\$7 million via the issue of 135,615,385 fully paid ordinary shares to Jinchuan under a Share Subscription Agreement to fund Albidon's corporate activities; and
- The injection of up to an additional US\$21 million via the issue of up to 323,076,923 convertible notes to Jinchuan to fund costs associated with the Munali Nickel project in Zambia, owned by the company's subsidiary, Albidon Zambia Limited (AZL).

As detailed in the market announcement on 3 March 2009, completion of the proposal was conditional upon:

- 1) Satisfactory agreement being reached with the company's secured and unsecured creditors;
- 2) Jinchuan completing full due diligence on the Munali Nickel project, including a review of the care and maintenance and restart plan;
- 3) Reaching agreement on the composition of Albidon's board and management; and
- 4) Albidon obtaining shareholder approval.

We provide an update of the status of these conditions as follows:

- 1) On 4 June 2009, all required documentation for the acquisition by Jinchuan of the secured debt of Barclays Capital and European Investment Bank (the debt transfer transaction) which relates to the financing of the Munali project, was executed by all parties to the transaction. Subject to satisfaction of certain conditions, the debt transfer transaction is due to settle on or before 1 July 2009. The material conditions to completion of the debt transfer transaction include:
 - The removal of the provisional liquidator of AZL, which was appointed by the High Court of Zambia on 27 May 2009 to protect the assets of that company, pending the recapitalisation of AZL; and

- The company meeting all costs payable to the secured lenders pursuant the relevant securities. Jinchuan have agreed to advance funds to the company under the share subscription agreement to meet such costs, as agreed between the company and the senior lenders. The Administrators expect to agree such costs within the next two (2) business days.

Completing the debt transfer transaction is a key milestone in restructuring and recapitalising the group under the Jinchuan proposal.

Further, Jinchuan has submitted a formal proposal to the Administrators of the company for a Deed of Company Arrangement (DOCA). The Administrators have agreed all material terms of the DOCA and the proposal will be put to creditors at a meeting of creditors to be held on or before 22 June 2009.

- 2) Jinchuan has completed full due diligence on the project, including the care and maintenance and restart plans, prior to our appointment as Administrators of the company.
- 3) Pursuant to the terms of the proposed DOCA, the composition of the company's board and management will be agreed with Jinchuan and implemented by the Administrators prior to completion of the transaction.
- 4) The recapitalisation component of the Jinchuan proposal received shareholder approval at a meeting of shareholders held on 20 March 2009.

The Administrators are currently agreeing with Jinchuan and their lawyers the process and timeframe for which the company, once recapitalised through the DOCA process, comes out of DOCA and applies to the ASX and AIM for re-quotations of their securities. The process and timeframe is a function of complying with all Corporations Act and ASX and AIM Listing rule requirements, and hence will be agreed in consultation with the ASIC, ASX and AIM. Once the process and timeframe is agreed, we will update shareholders accordingly.