



ALBIDON LIMITED

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Market release

via electronic lodgement

QUARTERLY ACTIVITIES REPORT **For the period ended 30 September 2009**

OVERVIEW:

- Depressed nickel prices and an inability to ramp-up production resulted in the Munali Nickel Project ("Munali") being placed on care and maintenance in March 2009. Mining operations remain suspended.
- The Board of Albidon Limited announced on 22 April 2009 the appointment of Messrs Mel Ashton and Damian Templeton, Chartered Accountants, of KPMG, as joint and several Administrators of Albidon. The Board concluded that this action was the only available means for the Company to continue operating in order to complete the financing transaction with Jinchuan Group Limited ("Jinchuan") agreed to by shareholders on 20 March 2009.
- On 2 July 2009 one of the main conditions of the financing transaction with Jinchuan was met with the settlement of the debt transfer between Jinchuan and the senior lenders. Jinchuan acquired the debt and all relevant securities of Barclays Capital Plc ("Barclays") and European Investment Bank ("EIB") relating to Albidon Zambia Limited.
- In September 2009 agreement was reached with Barclays Bank Zambia Plc on the repayment terms of an equipment finance facility.
- On the 30 September 2009 a notice of general meeting was issued to shareholders seeking approval at a meeting to be held on 30 October 2009 to issue 135,615,385 shares in the company at US\$0.052 each to Jinchuan to raise US\$7 million, issue 323,076,923 secured convertible notes to Jinchuan at an issue price of US\$0.065 to raise an additional US\$21 million and the issue of 10 million warrants to Barclays and EIB. Additionally at the meeting approval is being sought to grant a fixed and floating charge over all of the company's assets and undertakings in favour of Jinchuan.
- Jinchuan has advanced funds to the Administrators of Albidon as interim funding. The advance is to be repaid out of the proceeds of the equity injection by Jinchuan.
- On 9 September 2009 Mr Xie Penggen and Mr Yimin Zhang were appointed directors of the company as representatives of Jinchuan.

Corporate

- The cash position at 30 September 2009 was US\$0.4 million.

Outlook

- Shareholder approval of the Jinchuan funding proposal on 30 October 2009 will provide sufficient funds to meet the costs of the Administrator, repay the admitted claims of the Company's creditors in full and provide working capital.

1. MUNALI NICKEL PROJECT, ZAMBIA

Albidon Limited 100%

Project Activities on Site at Munali

Mining

- Mining ceased in March 2009, with the mining fleet parked on the surface and the mining contract suspended.

Processing

- The mill was placed in care and maintenance in March 2009.

Munali Exploration

- Pending ongoing funding arrangements no current works programme is being considered.

2. NICKEL PROJECTS, TANZANIA

Songea JV

Albidon Limited 100%

- No work was conducted in the quarter.

Ilagala Project

Albidon Limited 100%

- No work was conducted in the quarter.

3. NICKEL PROJECTS, BOTSWANA

Selebi-Phikwe Nickel-Copper Project

Albidon Limited 100%

- No work was conducted in the quarter.

4. ZINC PROJECTS, TUNISIA

Fernana-Nefza Zinc-Lead and Copper-Gold Project

Albidon Limited 100% diluting to 30%, previously funded and operated by OZ Minerals under an option and farm-in agreement

The project has passed to Minmetals as part of a sales agreement with OZ Minerals.

Technical descriptions may be found on the Albidon website at www.albidon.com

If you have any queries please contact Jim Dean, Financial Controller, on +61 8 9211 4600 or email jimd@albidon.com.

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

Appendix 5B**Mining Exploration Entity Quarterly Report**

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

ALBIDON LIMITED

ARBN

107 288 755

Quarter ended ("current quarter")

30 September 2009

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter US\$'000s	Year to date US\$'000s
1.1	Receipts from product sales and related debtors	0	5,560
1.2	Payments for:		
	(a) administration	(2,904)	(4,881)
	(b) development	-	(3,204)
	(c) production	-	(5,055)
	(d) exploration and evaluation	-	(166)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	21	44
1.5	Interest and other costs of finance paid	0	(1,629)
1.6	Income taxes paid	-	-
1.7	Other – Jinchuan Group Limited advance	2,402	2,802
	Net Operating Cash Flows	(481)	(6,529)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects		-
	(b) equity investments		(1,215)
	(c) other fixed assets		
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets		10
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Recognition of Security Deposits as Cash	-	92
	Net investing cash flows	0	(1,113)
1.13	Total operating and investing cash flows (carried forward)	(481)	(7,642)

1.13	Total operating and investing cash flows (carried forward)	(481)	(7,642)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid	-	-
1.19	Cost of share issue		
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(481)	(7,642)
1.20	Cash at beginning of quarter/year to date	898	8,075
1.21	Exchange rate adjustments to item 1.20	11	(5)
1.22	Cash at end of quarter	428	428

Payments to directors of the entity and associates of the directors**Payments to related entities of the entity and associates of the related entities**

		Current quarter US\$'000s
1.23	Aggregate amount of payments to the parties included in item 1.2	444
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Office accommodation provided by Mitchell River Group Pty Ltd, a company in which Mr. A Cooke is a Director, for the period aggregated US\$9,492.

Administrator fees and disbursements were claimed by KPMG for the period totalling US\$434,442.

Jinchuan has advanced funds to KPMG in the form of an Administrators' Loan and Deed Administrators' Loan that are to be treated as a pre-payment under the Share Subscription Agreement pursuant to clause 3.9(c) of the Deed of Company Arrangement (DOCA). Repayment will be triggered upon the Company being liquidated or a material adverse change impacting the assets of the Company or Albidon Zambia.

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

At a General Meeting on the 20 March 2009 shareholders approved the issue of 135,615,385 fully paid ordinary shares to Jinchuan Group Limited at an issue price of A\$0.08/US\$0.052 per share to raise US\$7 million. Also approved was the issue of up to 323,076,923 convertible notes, convertible into fully paid ordinary shares in the capital of the company, to Jinchuan Group Limited at a conversion price of A\$0.10 per note. The convertible notes have a 5 year term with a coupon rate of 3.75% + USD LIBOR. The proceeds from the maximum potential issue of convertible notes are US\$ 21 million. Delays in meeting the conditions of this funding have resulted in a need to call a General Meeting of shareholders on 30 October 2009 to seek further approval.

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

Financing facilities available

	Amount available US\$'000s	Amount used US\$'000s
Loan facilities		
• Secured Lenders	55,000	55,000
3.1 • Subordinated Lenders		
• Leased Equipment	12,600	12,600
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	US\$'000s
4.1 Exploration and evaluation	-
4.2 Development	-
Total	-

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter US\$'000s	Previous quarter US\$'000s
5.1 Cash on hand and at bank	420	772
5.2 Deposits at call	8	8
5.3 Bank overdraft	-	-
5.4 Term deposits	-	118
Total: cash at end of quarter (item 1.22)	428	898

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1	+ Preference securities <i>(description)</i>			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	+Ordinary securities	210,206,452	210,206,452	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs			
7.5	+Convertible debt securities <i>(description)</i>			

	Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)																					
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted																									
7.7 Options (<i>description and conversion factor</i>)	825,000	<table border="1"> <thead> <tr> <th>Number</th> <th>Exercise Price</th> <th>Expiry</th> </tr> </thead> <tbody> <tr> <td>50,000</td> <td>A\$1.70</td> <td>01/12/2009</td> </tr> <tr> <td>200,000</td> <td>A\$2.60</td> <td>20/05/2010</td> </tr> <tr> <td>50,000</td> <td>A\$3.14</td> <td>12/07/2010</td> </tr> <tr> <td>400,000</td> <td>A\$2.81</td> <td>01/02/2011</td> </tr> <tr> <td>125,000</td> <td>A\$1.00</td> <td>30/10/2011</td> </tr> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Number	Exercise Price	Expiry	50,000	A\$1.70	01/12/2009	200,000	A\$2.60	20/05/2010	50,000	A\$3.14	12/07/2010	400,000	A\$2.81	01/02/2011	125,000	A\$1.00	30/10/2011					
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7.9 Exercised during quarter																									
7.10 Expired during quarter	1,562,667	<table border="1"> <tbody> <tr> <td>321,000</td> <td>A\$1.05</td> <td>30/06/2009</td> </tr> <tr> <td>66,667</td> <td>A\$2.60</td> <td>20/02/2010</td> </tr> <tr> <td>200,000</td> <td>A\$3.14</td> <td>12/07/2010</td> </tr> <tr> <td>100,000</td> <td>A\$3.25</td> <td>01/02/2011</td> </tr> <tr> <td>875,000</td> <td>A\$1.00</td> <td>30/10/2011</td> </tr> </tbody> </table>	321,000	A\$1.05	30/06/2009	66,667	A\$2.60	20/02/2010	200,000	A\$3.14	12/07/2010	100,000	A\$3.25	01/02/2011	875,000	A\$1.00	30/10/2011								
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7.11 Debentures (<i>totals only</i>)																									
7.12 Unsecured notes (<i>totals only</i>)																									

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Director

Print name: Alasdair Cooke

Date: 11/11/2009

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities:** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* applies to this report.
- 5 **Accounting Standards:** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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