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26 November 2008

## **ALBIDON SECURES US\$16M FUNDING AND US\$5M DEBT CONVERSION**

### **HIGHLIGHTS:**

- **Albidon has entered into agreements to raise US\$9 million at a price of A\$0.40 (US\$0.26/£0.17) per share.**
- **The Company will receive the balance of the hedge close-out proceeds of approximately US\$7 million, after debt repayment.**
- **The Company has agreed to convert US\$5 million of Jinchuan's subordinated debt at a price of A\$0.78 (US\$0.50/£0.34) per share.**
- **The Company's net debt has been reduced from US\$100 million to US\$55 million.**
- **The additional funding of US\$16million will be used to provide working capital for the Munali Nickel Project to bring it through from commissioning to steady state production.**

### **US\$5 Million Placement and US\$5 Million Subordinated Debt Conversion**

The Company is pleased to announce it has entered into a Subscription Agreement to place 19,469,750 shares at A\$0.40 or US\$0.26 to Jinchuan Group Limited ("Jinchuan") to raise US\$5 million (A\$7.8 million). The Company and Jinchuan have also entered into a Conversion Agreement to convert US\$5 million of subordinated debt by issuing 10,000,000 ordinary shares at \$A0.78 or US\$0.50 to Jinchuan thereby reducing the Company's subordinated debt to US\$15 million. Receipt of funds requires foreign currency clearances.

On completion of the above transactions, Jinchuan will have the right to nominate one representative to Albidon's Board of Directors and will hold 18% of the Company's issued capital.

Jinchuan is Albidon's offtake partner and a major shareholder. Jinchuan is China's largest producer of nickel, cobalt and platinum group metals and is a large producer of copper. Jinchuan's current nickel production is approximately 100,000 tpa. The investment in the Munali Nickel Project is a clear indication of Jinchuan's continued support of the Project and of the Company.

### US\$4 Million Placement

Albidon has also entered into two subscription agreements with funds managed by a large UK based equity fund. Each of the funds have subscribed for 7,787,900 shares at US\$0.26 to raise US\$4 million (A\$ 6.2 million).

The funds which hold shares in Albidon are managed by a specialist manager of emerging markets equities for global institutions.

The shares under the Subscription and Conversion Agreements will be issued in two tranches. Up to 24.7 million shares can be issued in the first tranche and will be issued under the Company's ASX 15% placing facility. The second tranche of shares will be issued subject to shareholder approval at a meeting to be convened shortly.

### US\$7.0 Million Hedge Proceeds

As announced on 22 September 2008, the Company closed out its hedge book of 11,294 tonnes of nickel generating net proceeds of US\$50 million. The proceeds are being used to decrease its senior debt from US\$80 million to US\$40 million with the remaining amount being made available for use at the Munali Nickel Project (approx. US\$7 million) and payment of senior debt interest and fees (approx. US\$3 million).

The equity funds raised (US\$9 million) and the remaining cash from the hedge proceeds (US\$7 million) will provide additional working capital during commissioning of the Munali Nickel Project as it ramps up to steady state.

In addition to the cash injection, these transactions reduce interest charges and significantly improve the Company's balance sheet.

The Company will be issuing an operational update on the Munali Nickel Project shortly.

If you have any queries please contact the Managing Director, Dale Rogers 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).