



ALBIDON LIMITED

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Market release

via electronic lodgement

QUARTERLY ACTIVITIES REPORT **For the period ended 30 June 2008**

HIGHLIGHTS:

- The first nickel-copper-cobalt-PGM concentrate has been produced at the Munali Nickel Project ("Munali"). The focus at Munali is now to complete commissioning of the concentrator and to increase production to full capacity in early 2009.
- The Board has approved an expansion of the Munali concentrator from 0.9m tpa to 1.2m tpa, resulting in an increase to approximately 10,000 nickel tpa.
- Mining at the Munali Nickel Project continues to exceed budget with 134,662 tons of ore stockpiled on the ROM pad at the end of the quarter.
- A stockpile of nickel-copper-cobalt-PGM concentrate is being built for "mine gate" sale to the Jinchuan Group.
- The Company initiated a strategic review of its growth options and appointed the Royal Bank of Canada to assist the Company in assessing potential corporate opportunities and to progress its ongoing growth strategy.
- At the Sunnyside prospect in Botswana drill assays confirmed the presence of thick zones of Ni-Cu sulphide mineralisation, the highlights being assays from drillhole ALB004 which yielded the following intercepts within a larger mineralised zone of 55 metres starting at 21.4m from surface:
 - 8.64m @ 1.21% Ni, 0.30% Cu within an intersection of
 - 18.64m @ 0.75% Ni, 0.55% Cu.
- A Joint Venture Agreement was signed with IAMGOLD under which Albidon may earn up to 80% interest in nickel exploration projects at Maitengwe in eastern Botswana, thereby expanding the Company's coverage of nickel-prospective greenstone belts in the region.
- Following a review of the positive results of the PFS for the Chirundu Uranium JV, with African Energy Resources, the Company has decided to maintain its 30% interest in the joint venture and commit to funding its share of the Bankable Feasibility Study which has now commenced.

Corporate

- The cash position at 30 June 2008 was US\$13.5 million.
- Senior loan facilities of US\$22.1 million were available at 30 June 2008.
- 800,000 unlisted incentive options were issued during the quarter as follows:

Number of Options	Issued to	Exercise Price	Exercisable on or Before
300,000	Mr John Shaw	A\$3.47	30/06/2011
500,000	Mr Dale Rogers	A\$3.22	01/12/2011

- The total amount of nickel hedged at 30 June 2008 was 11,294 tonnes, which represents approximately 25% of the nickel in concentrate expected to be produced over the hedging period. The average nickel price for hedged production is US\$23,605 per tonne (US\$10.71/lb).
- Mr. John Shaw was appointed as Chairman of Albidon following the resignation of Mr. Richard Potts after four years of service with the Company. Mr. Potts has been an integral member of the Albidon team and has assisted greatly in Albidon's growth and development over the past years, and the Board wishes to express its appreciation of his substantial contributions to the Company.

Outlook

- Commissioning of the Munali concentrator to be completed in second half of 2008 and ramp-up of mine production to continue.
- In mining at the Munali, drill and blast works on the fresh air intake shaft are expected to be completed by mid August 2008, as per schedule.
- Stopping operations will commence in the third quarter, with stripping of the hanging wall material.
- Commissioning of the concentrator process routes are expected to be completed during July. Stabilisation of the concentrator circuit is scheduled for the end of July and optimisation will commence in August.
- Completion of extensive ground geophysical surveys at Munali and drilling of any priority targets at depth or to the north or south of the strike extent tested to date.
- Drill testing programme to be conducted at Sunnyside West (Botswana) in the third quarter.
- It is planned to drill the high priority targets in Tanzania during the third quarter, commencing with Mbinga while waiting for approval to drill in the Liparamba area.
- In Tunisia, drilling will be continued in the next quarter to test additional geophysical and geochemical targets within the Nefza zinc project.

1. MUNALI NICKEL PROJECT, ZAMBIA

Albidon Limited 100%

Project Activities on Site at Munali

Mining

- Mining at the Munali Nickel Project continues to exceed budget with +100,000 tonnes at 0.7 - 0.8% Ni produced since the commencement of ore production in the March 2008 quarter.
- The Project commenced production of first ore from underground development several months ahead of schedule. Mining production is progressing to plan with results exceeding targeted rates.
- Underground operations were conducted on the 1040mL and 1020mL levels. I developments are being made along strike through the ore body. The north and south decline developments were also extended towards the third mining level of 995mL
- Total lateral development for the quarter was 1,616 metres. Development in the month of June reached 13% above budget due to activity on an increased number of faces.
- The north exhaust shaft was completed and drill and blast works ensued on the fresh air intake shaft which is expected to be completed by mid August 2008, as per schedule.
- 134,662 tons was stockpiled on the ROM at the end of the quarter. Stopping operations will commence in the third quarter, with stripping of the hanging wall material.

Processing

- The process plant commissioning started towards the end of the quarter, with the crusher plant brought online during May. The first ore feed to the mills and first concentrate production occurred in June.
- Ramp up of commissioning at Munali is progressing well, all concentrator process routes are expected to be commissioned during July. Stabilisation of the concentrator circuit is scheduled for the end of July and optimisation will commence in August. The final plant handover will be completed during the next quarter.
- The focus in the coming months will be to build the concentrator up to full production of 1.2Mtpa of ore from the Enterprise mine to generate between 10,000 tpa and 10,500 tpa of nickel in high quality Ni-Cu-Co-PGM concentrate. It is anticipated that full production at this rate will be achieved in early 2009.

Site Services and Infrastructure:

- Construction of the concentrator and supporting ground works are complete. The tailings facility is complete and operating except for some deposition piping and return water piping to be completed by in early August.
- Final completion of the concentrate handling facilities, weighbridge, accommodation blocks, offices, stores and security buildings is expected in August.
- The final draft of the Environmental and Social Management Plan (ESMP) has been completed and submitted to the Environmental Council of Zambia (ECZ) ready for public consultative meetings.
- The Relocation Action Plan programme is ongoing with completion certificates issued by the Mazabuka council for 18 houses built in phase one, while phase three is progressing as planned.
- Malaria and HIV programmes are receiving continued focus. Local community health workers have undergone training in indoor residual house spraying and this team will take part in the national roll back malaria programme. Munali is being included in a documentary on best practice by the private sector in malaria prevention by the National Malaria Control Centre of Zambia.

Munali Exploration

- An extensive ground geophysical survey has commenced at Munali, initially comprising orientation traverses using the Titan system. This trial work will be followed by extensive Titan and fixed-loop electromagnetic surveys aimed at defining new drill targets at depth within the Munali Intrusion and in the un-drilled zones to the north and south along strike.

2. URANIUM PROJECTS, ZAMBIA – CHIRUNDU JOINT VENTURE

Albidon Limited 30% operated by African Energy Resources Limited ('AFR') under an Exploration Agreement

- Resource modelling on the Njame and Gwabe uranium deposits has confirmed a current resource of >9.5Mlb U₃O₈ contained within 14 million tonnes of ore.
- Based on these resources, a Pre-feasibility Study ('PFS') was completed for the Chirundu Uranium Project by joint venture partner African Energy Resources ('AFR'). The PFS demonstrates positive economics for uranium mining and processing at Chirundu based on the parameters and assumptions used by AFR.
- Following a review of the results of the PFS for Chirundu, the Company has decided to maintain its 30% interest in the joint venture and commit to funding its share of the Bankable Feasibility Study which has now commenced.
- Albidon owns 100% interest in the nearby Kariba and Luano uranium joint ventures in which AFR is earning an initial 30% interest by sole-funding drilling programmes and other exploration activities at a number of mineralised prospects.

3. NICKEL PROJECTS, TANZANIA

Albidon Limited 100%, currently funded and operated by BHP Billiton to earn an initial 30% interest under the Africa Exploration Co-operation Agreement

- BHP Billiton is undertaking a follow up programme of detailed soil geochemical sampling aimed at prioritising the previously reported geophysical targets ahead of drilling at Mbinga and Liparamba.
- An access permit for the Liparamba Game Hunting Reserve has been requested from the Government of Tanzania.
- Additional processing of airborne electromagnetic data has been completed by BHP Billiton and a number of conductor targets have been confirmed in more detail. It is planned to drill the high priority targets during the third quarter, commencing with Mbinga, while waiting for approval to drill in the Liparamba area.

4. NICKEL PROJECTS, BOTSWANA

Selebi-Phikwe Nickel-Copper Project

Albidon Limited 100%

Sunnyside

- Drill assays have confirmed the presence of a thick zone of Ni-Cu sulphide mineralisation at the Sunnyside prospect in Botswana.
- Highlights include assays from drillhole ALB004 which yielded the following intercepts within a larger mineralised zone of 55 metres starting at 21.4m from surface:
 - 8.64m @ 1.21% Ni, 0.30% Cu within an intersection of 18.64m @ 0.75% Ni, 0.55% Cu
- The broader mineralised zone of 55m (21.4-76.0m) averages 0.55 % Ni, 0.44% Cu.
- Grades range up to 2.3% Ni, 1.12% Cu in individual one-metre intervals.

- Offset drilling at 100-120 metres did not intersect the zone encountered in ALB004 and a detailed geophysical programme is in progress to provide better targeting for closer offset drilling.
- The processing of the regional airborne electromagnetic geophysical survey covering 4,300 line km over the Albertina and Pilikwe licence areas is nearing completion.
- The first phase core drilling programme has been completed at Sunnyside and has confirmed large zones of low-grade mineralisation. Final results are still pending.
- Assay results are also pending for four drillholes completed at Kgwedi to the west of Sunnyside.
- At Sunnyside West (located ~6km WNW of Sunnyside) a single-line geophysical traverse has identified a chargeable, conductive and magnetic anomaly coincident with anomalous Ni soil assay values. This will be drill tested in the next quarter.
- At Selebi-Phikwe to the north, one diamond drillhole is in progress to test coincident geophysical and geochemical anomalies.
- Three diamond drillholes were completed with the aim of confirming previously reported nickel mineralisation at the Lipadi prospect.

Maitengwe Nickel JV, Botswana (IAMGOLD)

Albidon Limited earning an interest of 80%

- A Joint Venture Agreement was signed with IAMGOLD under which Albidon may earn up to 80% interest in nickel exploration projects at Maitengwe in eastern Botswana, thereby expanding the Company's coverage of nickel-prospective greenstone belts in the region.
- Fieldwork has commenced in preparation for ground geophysical surveys and additional soil geochemical sampling to follow up previously defined nickel anomalies.

5. NICKEL PROJECTS, MALAWI

Mpemba Project

Albidon Limited 100% diluting to 25%, currently funded and operated by MM Mining plc

- Fieldwork during the quarter focused on trenching, soil sampling and geological mapping. A 100m-wide zone at Mudi River identified pyrrhotite-pentlandite sulphides up to 10% over a distance of 100m. This will be followed up by additional trenching and sampling.

6. NICKEL-PLATINUM PROJECTS, TANZANIA

IMX Resources NL 90%, Albidon Limited 10%

- IMX and Albidon are currently reviewing the previous work by Lonmin in preparation for the 2008 field season on a nickel-focused programme as compared to the historical platinum-palladium focus of Lonmin.

7. ZINC PROJECTS, TUNISIA

Fernana-Nefza Zinc-Lead and Copper-Gold Project

Albidon Limited 100%, funded and operated by Zinifex Limited to earn an initial 51% interest under an option and farm-in agreement

- 2,787m of drilling has been completed at the Sidi Driss and Gantra targets, with drilling continuing at the El Haouaria prospect.
- Numerous low grade narrow intercepts were encountered in drillhole SDDD - 006 at Sidi Driss with the best intersection being 5.2m @ 2.03% Zn, 1.8% Pb, from 69.8m.
- Drilling will be continued in the next quarter to test additional geophysical and geochemical targets within the Nefza zinc project.



Dale Rogers
Managing Director

Full details for all projects including location maps, tenement schedules and technical descriptions may be found on the Albidon website at www.albidon.com

The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the 'JORC Code') sets out minimum standards, recommendations and guidelines for Public Reporting in Australasia of Exploration Results, Mineral Resources and Ore Reserves. The information contained in this announcement has been presented in accordance with the JORC Code and references to "Indicated" and "Inferred Resources" are to those terms as defined in the JORC Code.

Information in this report relating to exploration results is based on data compiled by Mike Dunbar (a full time employee of the Mitchell River Group) and John Schloderer (a full time employee of Albidon), who are both members of The Australasian Institute of Mining and Metallurgy. Mr. Dunbar and Mr. Schloderer have sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person under the 2004 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Dunbar and Mr. Schloderer consent to the inclusion of the data in the form and context in which it appears.

If you have any queries please contact the Chief Financial Officer, Nicholas Day or Managing Director, Dale Rogers on +61 8 9211 4600 or email nickd@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 June 2008

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	–	–
1.2	Payments for:		
	(a) administration	(1,953)	(3,770)
	(b) development	(12,406)	(21,670)
	(c) production	–	–
	(d) exploration and evaluation	(1,822)	(2,251)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	110	253
1.5	Interest and other costs of finance paid	(548)	(1,817)
1.6	Income taxes paid	–	–
1.7	Other (provide details if material)	–	–
	Net Operating Cash Flows	(16,619)	(29,255)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	–	–
	(b) equity investments	–	–
	(c) other fixed assets	(22,942)	(34,939)
1.9	Proceeds from sale of:		
	(a) prospects	–	–
	(b) equity investments	–	–
	(c) other fixed assets	–	–
1.10	Loans to other entities	–	–
1.11	Loans repaid by other entities	–	–
1.12	Recognition of Security Deposits as Cash	–	–
	Net investing cash flows	(22,942)	(34,939)
1.13	Total operating and investing cash flows (carried forward)	(39,561)	(64,194)

1.13	Total operating and investing cash flows (carried forward)	(39,561)	(64,194)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	321	20,375
1.15	Proceeds from sale of forfeited shares	–	–
1.16	Proceeds from borrowings	33,870	41,870
1.17	Repayment of borrowings	–	–
1.18	Dividends paid	–	–
1.19	Cost of share issue	–	(34)
	Net financing cash flows	34,191	62,211
	Net increase (decrease) in cash held	(5,370)	(1,983)
1.20	Cash at beginning of quarter/year to date	19,196	16,614
1.21	Exchange rate adjustments to item 1.20	(291)	(1,096)
1.22	Cash at end of quarter	13,535	13,535

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	247
1.24	Aggregate amount of loans to the parties included in item 1.10	–

1.25 Explanation necessary for an understanding of the transactions

Salaries and Directors fees paid to Executive and Non-Executive Directors of the Company, for the period aggregated US\$143,861.

Administrative and technical services provided by Mitchell River Group Pty Ltd, a company in which Mr. A Cooke is a Director, for the period aggregated US\$87,923.

Executive services provided by Hartree Pty Ltd, a company in which Mr. A Cooke is a director, for the period aggregated US\$5,190.

Consultancy fees and reimbursements of bona fide expenses provided by Mineral Commerce Services, a company in which Mr C DeGuinand is a director, for the period aggregated US\$9,546.

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

Nil

- 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
3.1 Loan facilities	100,000	77,869
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	US\$'000s
4.1 Exploration and evaluation	1,415
4.2 Development	10,435
Total	11,850

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	785	4,331
5.2 Deposits at call	11,767	14,160
5.3 Bank overdraft	–	–
5.4 Term deposits	983	705
Total: cash at end of quarter (item 1.22)	13,535	19,196

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	164,980,902	164,980,902	
7.4	Changes during quarter (a) Increases through issues 99,000 56,100 150,000 33,333 (b) Decreases through returns of capital, buy-backs	99,000 56,100 150,000 33,333	A\$1.05 A\$0.60 A0.75\$ A\$2.60	A\$1.05 A\$0.60 A\$0.75 A\$2.60
7.5	+Convertible debt securities <i>(description)</i>			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted			

	Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.7 Options <i>(description and conversion factor)</i>	6,852,667	Number	Exercise Price	Expiry
		1,200,000	A\$0.75	01/12/2008
		401,000	A\$1.05	30/06/2009
		716,667	A\$2.60	20/05/2010
		1,200,000	A\$2.10	27/02/2010
		150,000	A\$1.70	01/12/2009
		250,000	A\$3.14	12/07/2010
		200,000	A\$2.80	12/07/2010
		300,000	A\$2.97	12/07/2010
		200,000	A\$2.23	01/09/2010
		250,000	A\$3.22	01/12/2011
		235,000	A\$3.22	01/11/2009
		350,000	A\$2.88	30/12/2010
		100,000	A\$2.97	30/12/2010
		400,000	A\$2.81	01/02/2011
100,000	A\$3.25	01/02/2011		
300,000	A\$3.47	30/06/2011		
500,000	A\$3.22	01/12/2011		
7.8 Issued during quarter	300,000	Exercisable at A\$3.47 expire 30/06/2011		
	500,000	Exercisable at A\$3.22 expire 01/12/2011		
7.9 Exercised during quarter	99,000	Exercised at A\$1.05 each		
	56,100	Exercised at A\$0.60 each		
	150,000	Exercised at A\$0.75 each		
	33,333	Exercised at A\$2.60 each		
7.10 Expired during quarter	400,000	Exercised at A\$2.23 each		
	210,000	Exercised at A\$3.22 each		
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:



Company Secretary

Print name: Nicholas Day

Date: 31/7/2008

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* apply 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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