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AGREEMENT WITH ZINIFEX FOR EXPLORATION OF ALBIDON'S ZINC PROJECTS IN TUNISIA

HIGHLIGHTS

- **Option and Earn-In Letter Agreement signed with Zinifex Limited for exploration and development of Albidon's zinc projects in Tunisia.**
- **Minimum initial commitment of US\$1.3 million, to be expended within 12 months.**
- **Cash payments to Albidon totalling US\$1 million to be made in stages, with an initial payment of US\$250,000.**
- **Zinifex to spend US\$6 million to earn a 51% interest within 3 years, and thereafter may earn a total of 70% interest by expenditure of an additional US\$5 million within 2 years.**
- **The Agreement with Zinifex provides Albidon with access to specialist zinc exploration and development expertise which will add substantial value to the Company's large ground holdings in northern Tunisia.**
- **Albidon is focused on maximizing shareholder value from the Munali Nickel Project in Zambia and other East African nickel projects. This agreement with Zinifex and other Joint Venture arrangements with Lonmin, BHP Billiton and Energy Ventures provide a mechanism to further grow value from Albidon's carefully selected African tenement holdings.**

Albidon's Projects in Tunisia

Albidon holds extensive tenement interests prospective for zinc and lead in north-central Tunisia. The projects cover an area of over 4,000 square kilometres and include the historical zinc mining district of Bou Aouane at the Nefza project area (see diagram 1 below) in the north west of the country. Exploration completed by Albidon in the past two years has identified the potential for large zinc deposits such as those found at Reocin in Spain and Jinding in China.

In addition to numerous zinc prospects, the Nefza tenement also contains several copper-gold targets, including the Kef El Agueb gold results, and the Oued Belif copper-gold breccia complex. Zinifex's initial focus will be on the zinc-lead projects, however the copper-gold opportunities will be reviewed on an ongoing basis.

Option and Earn-In Agreement

The Agreement between Albidon and Zinifex' is designed to accelerate the evaluation of the Company's Tunisian projects, taking advantage of Zinifex' considerable expertise in zinc exploration and development.

The key terms of the Agreement are:

- Staged cash payments to Albidon of US\$1 million, with an immediate initial payment of US\$250,000.
- Minimum commitment of US\$1.3 million of expenditure by Zinifex. This exploration to be completed within 12 months.
- Zinifex may earn a 51% interest in the projects by spending a total of US\$6 million on exploration within 3 years, and making a further cash payment of US\$750,000. No interest will be earned by Zinifex in the projects until this time. The minimum initial committed expenditure of US\$1.3 million is credited towards the earn-in, however the cash payments of US\$1 million are not included as project expenditures.
- Zinifex to spend an additional US\$5 million within 2 years to earn a total interest of 70%.
- Thereafter Albidon may elect to contribute to project expenditures in proportion to its 30% interest or may sell its interest for cash plus a retained royalty.

Zinifex will manage the exploration programmes, taking advantage of the extensive database, local exploration infrastructure, personnel and support network established by Albidon.

Signing of the Agreement marks the completion of an extensive series of negotiations, following receipt of a number of competitive proposals from large zinc mining companies. The arrangement with Zinifex will result in accelerated exploration of Albidon's zinc assets and importantly it enables the Company to focus on its prime objective of developing the Munali Nickel Project in Zambia.

About Zinifex

Zinifex owns and operates mining and mineral processing operations in Australia, Europe and USA. Current production exceeds 600,000 tonnes of zinc in concentrates and 600,000 tonnes of refined zinc metal annually. The company sells a range of zinc metal, lead metal and associated alloys in over 20 countries.

Zinifex recently merged its metal processing business with that of Umicore to create the world's largest producer of finished zinc metal and related products with a market capitalisation of over A\$8.2 billion. The company is now pursuing an aggressive growth strategy and has committed US\$65 million to exploration over the next 3 years. See Zinifex's website (www.zinifex.com) for further information.

Albidon is pleased to be joined by such a well credentialed partner in the exploration of its zinc-lead projects in Tunisia.

Forward Programme for Tunisia

A systematic exploration program has already commenced, with the following priority objectives:

- Orientation ground geophysical surveys over zinc-mineralised areas at several prospects.
- Regional-scale stream sediment and soil sampling along major fault structures at Nefza.
- Geological mapping and evaluation of the known zinc prospects.
- Compilation of archival data on previous zinc mining and resources in the Bou Aouane district, and definition of targets for drill testing.

If you have any queries please contact the Company Secretary, Nicholas Day or Managing Director, Dale Rogers on +61 8 9211 4600 or email nickd@albidon.com. Additional information may also be viewed on Albidon's website at www.albidon.com

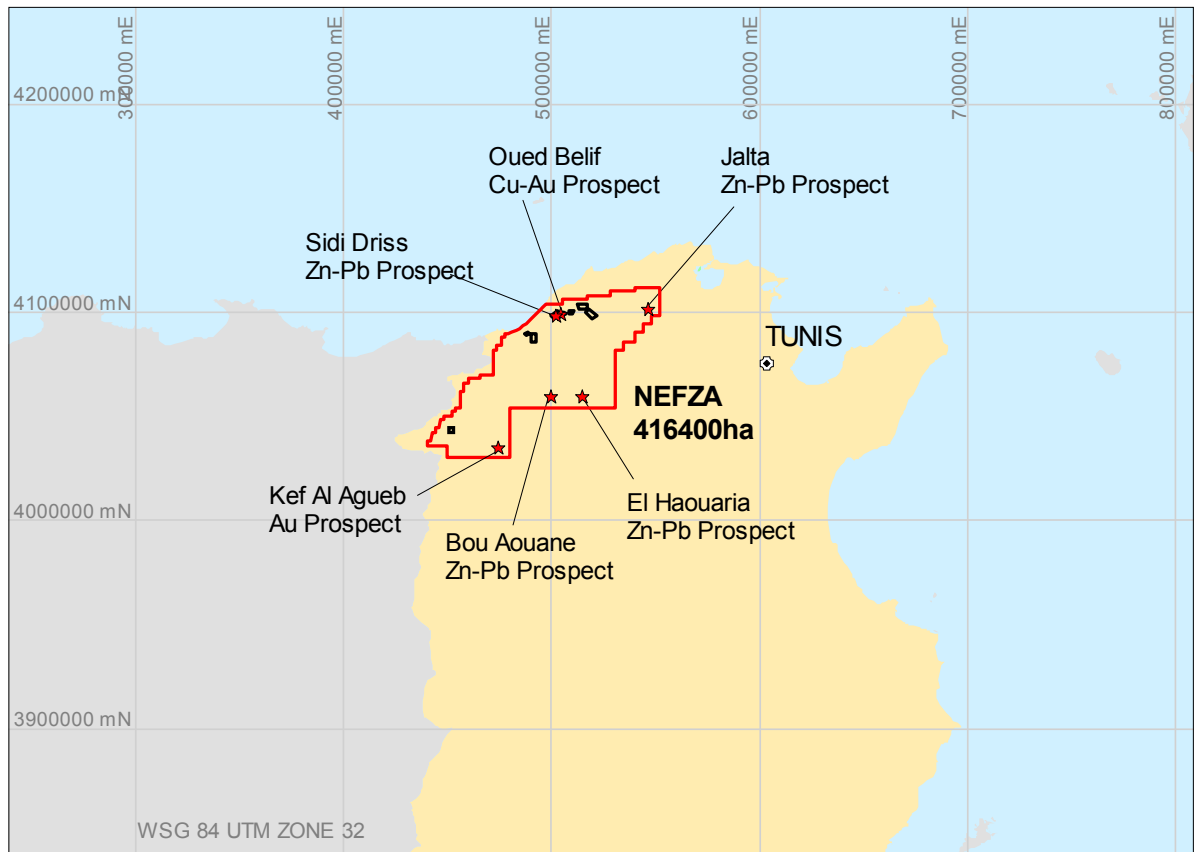


Diagram 1: Tenement map of the Nefza project in Tunisia.