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## CAPEX cuts - Albidon suspends works at Munali nickel project

*Saturday, 24 Jan, 2009*

It is reported that Albidon has suspended the development of the northern decline at its Munali nickel project in Zambia as the current nickel price environment did not warrant the capital expenditure on the project.

Albidon said that "Further restructuring of the Munali nickel project operations targeting significant cost reductions must be undertaken in order to render the project a viable concern at current nickel prices."

Instead, a revised mine plan, based on a single decline to the south, has been developed and adopted. The revised plan included the accelerated development and centralization of the southern decline, targeting the higher grade areas of the ore body.

Albidon was targeting immediate cash costs of about USD 7 per pound of equivalent payable nickel, reducing to USD 4 per pound in the final quarter of 2009. It stated that the higher costs in the early part of 2009 reflected the need to rapidly develop the southern section of the Munali project, and to open the mine to achieve a production rate greater than 900,000 tonnes per annum.

Ore production for 2009 was estimated at 675,000 tonnes per annum, at 1% nickel, to a steady state production of 950,000 tonnes per annum at 1% nickel from 2010 onwards. Albidon stated that production could be augmented in the future by developing and mining the northern area, when nickel prices made it economically viable to mine the lower grade area.

In December 2008, Albidon announced that it was considering reducing its employee numbers, as well as closing its Cape Town exploration office and its Lusaka corporate office, in order to strengthen its balance sheet. The group also suspended exploration activities, other than those related to near term production.

(Sourced from [miningweekly.com](http://miningweekly.com))

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