
Albidon receives default notice after Munali closure

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Albidon said that its wholly owned subsidiary Albidon Zambia had received a notice of default from the senior lenders to the Munali nickel project. The default had arisen because the Munali nickel project had recently been placed on care and-maintenance, because of the low nickel price.

Albidon has been advised that the senior lenders were reserving their rights, and might exercise their security rights at any time, without further notice.

Meanwhile, it had also received a conditional financing proposal from China's Jinchuan Group, which has a life of mine off take agreement over Munali. The proposed funding would be through three tranches, and would include USD 1.8 million by way of payments for concentrate deliveries, USD 7 million in equity and a convertible note facility of AUD 0.10 a share, with a coupon equivalent to the interest rate on Jinchuan's subordinated debt.

Albidon said that the due diligence by Jinchuan, as well as discussions with senior lenders, would continue as the company worked towards securing a funding arrangement suitable to all parties, which would allow the idling of the project during the current low nickel prices. It was also hoped to prepare the project for a return to production at some time in the future. It added that "Its viability remains subject to the completion of the transaction with Jinchuan."

(Sourced from www.miningweekly.com)

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