

ADEX MINING INC.

(TSX-V: ADE)

Recommendation

Speculative Buy

Risk

High

Price (Intra-Day Mar. 2)

\$0.095

52-Week Range

\$0.27-\$0.07

Target Price

\$0.80

Shares O/S

177.2 million

Market Cap

\$16.8 million

Average Daily Volume

50-day: 118,500

200-day: 101,700

Year-End

December 31

Book Value Per Share

\$0.093

Cash Per Share

\$0.038

eResearch Analysts:

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PROFILE

Adex Mining Inc., with headquarters in Toronto, Ontario, is engaged in the exploration and development of its Mount Pleasant mineral property in New Brunswick, specifically the tin-indium-zinc project (North Zone) and the tungsten-molybdenum-bismuth project (Fire Tower Zone (FTZ)). The company plans to bring its FTZ mine into production in 2015.

RECOMMENDATION

We continue to recommend Adex Mining shares to risk-tolerant investors as a Speculative Buy with a Target Price of \$0.80 per share. To achieve our objective, not only does the market for junior miners need to improve and come back into favour, but also Adex will need to present a favourable updated NI 43-101 resource estimate and a feasibility study for the Fire Tower Zone.

COVERAGE

eResearch initiated research coverage on Adex Mining three years ago, in February 2009. After a period of transition for the Company, we completed a major Update Report in March 2011, and we will be issuing another Update Report after analysis of the updated NI 43-101 resource estimate for the North Zone that has just been reported (see page 2).

THE MOUNT PLEASANT PROJECT

Adex acquired 100% of the Mount Pleasant property in 1995. It is a multi-metal project, host to promising tungsten-molybdenum and tin-indium-zinc mineralization. The property hosts 102 contiguous mining claims covering an area of 1,600 hectares. The Company holds surface rights on 405 hectares at Mount Pleasant, including the structures of the formerly-producing Mount Pleasant Mine. In the past, capex of over \$150 million had been spent on the property, where nearly one million tonnes of tungsten-molybdenum ore were milled in 1983-1985.

The two main zones at the Mount Pleasant property are:

- (1) The North Zone (NZ), bearing tin-indium-zinc; and
- (2) The Fire Tower Zone (FTZ), bearing tungsten and molybdenum.

See Mount Pleasant maps on page 4.

MOUNT PLEASANT UPDATE

1. New North Zone NI 43-101 Mineral Resource Estimate

On March 1, 2012, Adex reported an updated NI 43-101 mineral resource estimate for the North Zone of Mount Pleasant.

The updated estimate includes 12,400,000 Indicated tonnes averaging 0.38% tin (Sn), 0.86% zinc (Zn), and 64 parts per million (ppm) indium (In). This represents a 14% increase in Indicated tonnes, using a cut-off grade 64% higher than in the 2009 resource estimate.

Contained metal in the Indicated category within the new estimate is 47,000,000 kilograms of Sn, 107,000,000 kg of zinc, and 789,000 kg of In. When compared to the 2009 resource estimate, contained Sn is about the same, but contained Zn and In have increased, respectively, by 34,000,000 kg and 100,000 kg.

The updated resource estimate also includes 2,800,000 Inferred tonnes averaging 0.30% Sn, 1.13% Zn, and 70 ppm In. Contained Inferred metal is 8,600,000 kg Sn, 32,000,000 kg Zn, and 198,000 kg In.

Table 1: North Zone Mineral Resources

<u>Mineral Resources Class</u>	<u>Tonnage (Millions of Tonnes)</u>	<u>Sn Grade, Cut (%)</u>	<u>Zn Grade Cut (%)</u>	<u>In Grade Cut (ppm)</u>
<i>Indicated</i>	12.4	0.38	0.86	64
<i>Inferred</i>	2.8	0.30	1.13	70

Table 2: North Zone Contained Metal

<u>Mineral Resources Class</u>	<u>Contained Sn (Kg)</u>	<u>Contained Zn (Kg)</u>	<u>Contained In (Kg)</u>
<i>Indicated</i>	47,000,000	107,000,000	789,000
<i>Inferred</i>	8,600,000	32,000,000	198,000

Source: Company

COMMENT: *Adex Mining is making progress at the North Zone in terms of better understanding of the metallurgy of its resource and upgrading the resource. The most significant achievement of the updated resource estimate is the upgrade of a portion of the previously Inferred tonnes into the Indicated category .*

2. New Strategy for Mount Pleasant

On February 16, 2012, Adex published an updated development plan for the Mount Pleasant property. The Company has taken the decision to focus on the FTZ and to have it be the first to reach production, in early 2015.

The high-grade tungsten-molybdenum-bismuth (WO₃-MoS₂-Bi) mineralization in the Saddle Zone, found during the fall 2011 drilling campaign, showed the potential for a significantly longer life of the mine at the FTZ. This, combined with strong tungsten markets, indicates that the financials from Adex's Scoping Study could be improved.

Adex has begun metallurgical feasibility testing, required to re-start production. The testing is scheduled for completion in Q3/2012.

COMMENT: *The decision to move forward with the FTZ development is based on a better understanding of the FTZ's geology and metallurgy, as well as on the strength of the price of tungsten, which has increased by more than 70% in the last two years.*

3. Drilling Results From North Zone and Saddle Zone

At the end of January 2012, Adex announced results from the 2011 diamond drilling program (17 holes, 7,000 metres) at the Mount Pleasant property. At both the North Zone and the Saddle Zone, the Company discovered new high-grade intercepts containing tungsten (WO₃), molybdenum (MoS₂) and bismuth (Bi).

The NZ results extend known WO₃/MoS₂/Bi mineralized bodies to the east and southeast. The grades are comparable to the FTZ grades, one kilometre south. At the Saddle Zone, the high-grade intervals could be continuous with similar mineralization at the adjacent FTZ.

Highlights of the Drilling Results

North Zone

Hole AM-11-04: 30 metres of 0.47% WO₃, 0.28% MoS₂, and 0.21% Bi

Hole AM-11-14: 30 metres of 0.26% WO₃, 0.45% MoS₂, and 0.12% Bi

Saddle Zone

Hole AM-11-17a: 30 metres of 0.40% WO₃, 0.19% MoS₂, and 0.20% Bi.

The results are being incorporated into Adex's GEMCOM database, for the revision and upgrading of the NI 43-101 resource estimate and deposit model for the mineralized bodies. Follow-up drilling is scheduled for the North Zone and Saddle Zone in 2012.

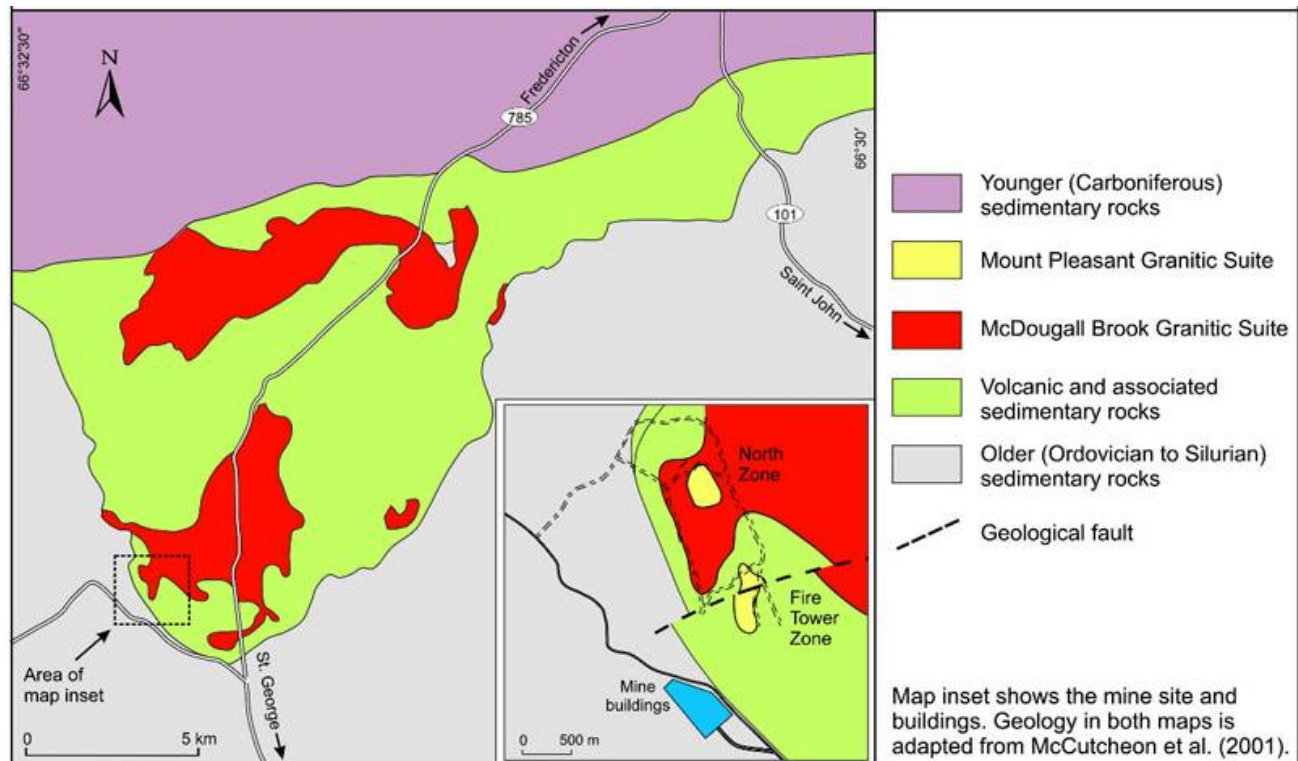
COMMENT: *The drilling results showed that the WO₃/MoS₂/Bi resource of the FTZ may be complemented by the North Zone and Saddle Zone's mineralization. It is possible that the Company will be able to access this mineralization underground from the FTZ mine, which it plans to bring to production in 2015. Within its new strategy, which focuses on the FTZ, Adex Mining is planning to amalgamate the WO₃/MoS₂/Bi mineralization of the NZ and Saddle Zone with the FTZ's mineralization. We expect that this new bigger WO₃/MoS₂/Bi mineralization will become a basis for the updated NI 43-101 resource estimate and a feasibility study for the FTZ. We believe that the Company is well financed to obtain these studies in 2012.*

Map 1: Location of the Mount Pleasant Property, New Brunswick



Source: Company

Map 2: Composition and Geology of the Mount Pleasant Property



Source: Company

RATINGS HISTORY

Date	Report Type	Recommendation	Stock Price	Target Price
March 4, 2011	Update	Speculative Buy	\$0.25	\$0.80
March 8, 2011	Perspective	No Change	\$0.255	No Change
May 18, 2011	Perspective	No Change	\$0.18	No Change
Oct. 20, 2011	Perspective	No Change	\$0.13	No Change
Feb. 1, 2012	Perspective	No Change	\$0.09	No Change
Feb. 22, 2012	Perspective	No Change	\$0.095	No Change
Mar. 2, 2012	Perspective	No Change	\$0.095	No Change

For further information on Adex Mining Inc., see eResearch's March 4, 2011 Update Report and subsequent *Perspectives* at the following link: <http://www.eresearch.ca/profile.asp?companyID=484>.

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The Research Analysts who were involved in the preparation of this Research Report hereby certify that:

- (1) the views and opinions expressed herein accurately reflect the Research Analysts' personal views concerning any and all securities and issuers that are either discussed or are the subject matter of this Research Report; and
- (2) The compensation received for the preparation of this report was not related, in any way, to the Research Analysts' views and opinions expressed herein.

eResearch Analysts on this Report:

Yuri Belinsky, B.A., M.A.: Yuri Belinsky has extensive experience in equity research, with emphasis on mining and oil & gas companies. He had a successful track record in the capital markets in Ukraine, progressing from an analyst to the head of research for a team of 12 analysts. He also has experience as a portfolio manager. Mr. Belinsky has a B.A. in Economics and two MA degrees, in Public Administration and in Social Research and Evaluation.

Bob Weir, B.Sc., B. Comm., CFA: Bob Weir has 45 years of investment research and analytical experience in both the equity and fixed-income sectors, and in the commercial real estate industry. He joined eResearch in 2004 and has been its President, CEO, and Director of Research since May 2005. Prior to joining eResearch, Mr. Weir was at Dominion Bond Rating Service (DBRS), latterly as Executive Vice-President responsible for supervising the firm's 34 analysts and conducting the day-to-day management affairs of the company.

Analyst Affirmation: I, Yuri Belinsky, hereby state that, at the time of issuance of this research report, I directly own shares of Adex Mining, Inc.; and I, Bob Weir, hereby state that, at the time of issuance of this research report, I do not, directly or indirectly, own shares of Adex Mining Inc.

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Strong Buy:	Expected total return within the next 12 months is at least 40%.
Buy:	Expected total return within the next 12 months is between 10% and 40%.
Speculative Buy:	Expected total return within the next 12 months is substantial, but Risk is High (see below).
Hold:	Expected total return within the next 12 months is between 0% and 10%.
Sell:	Expected total return within the next 12 months is negative.

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High Risk:	<p><i>Financial</i> - Little or no revenue and earnings, limited financial history, weak balance sheet, negative free cash flows, poor working capital solvency, no dividends.</p> <p><i>Operational</i> - Weak competitive market position, early stage of development, unproven operating plan, high cost structure, industry consolidating, business model/technology unproven or out-of-date.</p>
Medium Risk:	<p><i>Financial</i> - Several years of revenue and positive earnings, balance sheet in line with industry average, positive free cash flow, adequate working capital solvency, may or may not pay a dividend.</p> <p><i>Operational</i> - Competitive market position and cost structure, industry stable, business model/technology is well established and consistent with current state of industry.</p>
Low Risk:	<p><i>Financial</i> - Strong revenue growth and earnings over several years, stronger than average balance sheet, strong positive free cash flows, above average working capital solvency, company may pay (and stock may yield) substantial dividends or company may actively buy back stock.</p> <p><i>Operational</i> - Dominant player in its market, below average cost structure, company may be a consolidator, company may have a leading market/technology position.</p>

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