Adex Mining Inc.
Consolidated Financial Statements
December 31, 2010

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared by and are the responsibility of the management of Adex Mining Inc. (the "Company"). The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect management's best estimates and judgments based on currently available information. The Company has developed and maintains a system of internal controls in order to ensure, on a reasonable and cost effective basis, the reliability of the financial information.

The Board of Directors is responsible for ensuring that management fulfils its responsibility and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Audit Committee. The consolidated financial statements have been audited by Sievert & Sawrantschuk LLP. Their report outlines the scope of their examination and opinion on the consolidated financial statements.

(signed) "William C. Burton"
Chief Financial Officer
April 18, 2011

SIEVERT & SAWRANTSCHUK LLP
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of
ADEX MINING INC.:

We have audited the accompanying consolidated financial statements of Adex Mining Inc. which comprise the consolidated balance sheets as at December 31, 2010 and 2009, and the consolidated statements of loss, comprehensive loss and deficit, and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material aspects, the financial position of Adex Mining Inc. as at December 31, 2010 and 2009, and its financial performance and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

April 18, 2011
Toronto, Canada

Sievert & Sawrantschuk LLP
Chartered Accountants, Licensed Public Accountants

ADEX Mining Inc.
Consolidated Balance Sheets

As at December 31	**2010**	2009
	$	$
Assets		
Current		
Cash and cash equivalents	**3,698,193**	1,758,924
Committed cash (note 3)	**-**	1,008,199
Accounts receivable	**241,271**	66,979
Prepaid expenses	**109,527**	54,329
Interest receivable	**34,162**	32,392
	4,083,153	2,920,823
Mineral properties (note 5)	**8,365,792**	6,521,679
Reclamation bonds (note 4)	**829,506**	780,103
Property, plant & equipment net (note 6)	**45,951**	3,061
Equipment under capital lease (note 7)	**44,031**	69,192
	13,368,433	10,294,858
Liabilities		
Current		
Accounts payable & accruals	**461,377**	295,879
Capital lease obligation - current portion (note 11)	**24,629**	22,970
	486,006	318,849
Capital lease obligation - non-current portion (note 11)	**17,400**	42,028
	503,406	360,877
Commitments, contingencies and guarantees (note 11)		
Shareholders' equity (note 8)		
Share capital	**42,853,241**	39,132,446
Contributed surplus	**1,992,627**	1,764,030
Warrants	**1,014,417**	272,731
Compensation unit options	**21,656**	67,375
Deficit	**(33,016,914)**	(31,302,601)
	12,865,027	9,933,981
	13,368,433	10,294,858

The accompanying notes are an integral part of these financial statements

Approved on behalf of the board:

(signed) "Alan Marshall"
Director

(signed) "Errol Farr"
Director

ADEX Mining Inc.

Consolidated Statements of Loss, Comprehensive Loss and Deficit

For the year ended December 31	**2010**	2009
	$	$
Expenses		
Administrative and general	**1,222,266**	785,677
Mineral property expenses	**270,030**	381,249
Stock-based compensation (note 8)	**228,597**	234,801
Depreciation	**2,773**	3,035
Interest earned on funds on deposit	**(9,353)**	(4,910)
	1,714,313	1,399,852
Loss before income taxes	**(1,714,313)**	(1,399,852)
Income taxes - future (note 10)	**-**	292,378
Net loss and comprehensive loss	**(1,714,313)**	(1,107,474)
Deficit, beginning of the year	**(31,302,601)**	(30,195,127)
Deficit, end of the year	**(33,016,914)**	(31,302,601)
Weighted average number of shares outstanding	**128,367,557**	88,117,361
Basic and diluted loss per share	**(0.01)**	(0.01)

The accompanying notes are an integral part of these financial statements

ADEX Mining Inc.

Consolidated Statements of Cash Flows

For the year ended December 31	**2010**	2009
	$	$
Operating activities		
Net loss for the year	**(1,714,313)**	(1,107,474)
Items not affecting cash:		
Stock-based compensation	**228,597**	234,801
Depreciation of property, plant and equipment	**30,220**	15,715
Amortization of bond premium	**14,659**	11,337
Future income taxes	**-**	(292,378)
	(1,440,837)	(1,137,999)
Change in non-cash working capital		
Prepaid expenses	**(174,292)**	63,441
Accounts receivable	**(55,198)**	61,481
Interest receivable	**(1,770)**	2,362
Accounts payable & accruals	**165,498**	(20,873)
Cash used in operating activities	**(1,506,599)**	(1,031,588)
Investing activities		
Additions to reclamation bonds	**(64,062)**	(63,908)
Additions to property, plant & equipment	**(47,949)**	(13,870)
Additions to mineral properties	**(1,844,113)**	(912,939)
Cash used in investing activities	**(1,956,124)**	(990,717)
Financing activities		
Issuance of units, net of issue costs	**4,350,262**	905,606
Exercise of warrants	**66,500**	-
Capital lease payments	**(22,969)**	-
Cash provided by financing activities	**4,393,793**	905,606
Change in cash and cash equivalents	**931,070**	(1,116,699)
Cash and cash equivalents, beginning of the year	**2,767,123**	3,883,822
Cash and cash equivalents, end of the year	**3,698,193**	2,767,123
Cash and cash equivalents comprises:		
Cash	**168,193**	73,926
Guaranteed investment certificate	**3,530,000**	1,684,998
Committed cash	**-**	1,008,199
Non-cash transactions		
Common shares issued for acquisition of mineral properties	**-**	-
Common shares issued to settle liabilities	**-**	-
Warrants and compensation units issued as part of issue costs	**680,000**	67,375
Supplemental information		
Interest paid	**-**	-
Income taxes paid	**-**	-

The accompanying notes are an integral part of these financial statements

1. NATURE OF OPERATIONS

Adex Mining Inc. (the "Company") holds 100% of the subsurface mineral rights to approximately 1,600 hectares encompassing the Mount Pleasant mine area of New Brunswick, Canada (the "Property" or "Mount Pleasant"). Within the mineral rights area the Company owns approximately 405 hectares of land, plus the buildings, machinery and equipment on site which comprise the dormant Mount Pleasant mine.

The Company has interests in resource properties which it is in the process of exploring and developing and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of expenditures on resource properties, including deferred exploration expenditures, is dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain necessary financing to complete the exploration and development of the resource properties, and upon future profitable production or proceeds from the disposition thereof.

These consolidated financial statements have been prepared on the basis that the Company is a going concern which contemplates the realization of its assets and the settlement of its liabilities in the normal course of operations. The ability of the Company to continue operations is dependent upon obtaining the necessary financing to complete the exploration and development of its properties and/or the realization of proceeds from the sale of one or more of its properties.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The Company is a development stage enterprise that has yet to generate significant revenue from mining operations.

Principles of consolidation
The consolidated financial statements include the accounts of the Company's wholly owned subsidiary Adex Minerals Corp. ("AMC"). All inter-company accounts and transactions have been eliminated on consolidation.

Interest in mineral properties
Exploration and development expenditures related to mineral properties are deferred if it is determined that these costs will be recovered from future operations as a result of establishing proven and probable reserves, otherwise they are recorded as an expense in the period in which they are incurred. Determination as to reserve potential is based on the results of feasibility studies, which indicate whether production from a property is economically feasible. Significant acquisition costs for mineral properties are deferred until it is determined that these costs will not be recovered from future operations, at which point these costs are written down to fair value. Acquisition costs and deferred exploration and development expenditures will be depleted on a unit-of-production basis commencing at the onset of commercial production for the related property.

Environmental expenditures
The operations of the Company may, in the future, be occasionally affected by changes in environmental regulations, including those for future removal and site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company vary greatly and are not predictable.

Environmental expenditures that relate to ongoing environmental and reclamation programs are charged against earnings as incurred or capitalized and amortized depending on their future economic benefits. Estimated future removal and site restoration costs, when the ultimate liability is reasonably determinable, are charged against earnings over the estimated remaining life of the related business operation, net of expected recoveries. As at December 31, 2010, the Company has no environmental expenditures or known liabilities.

Government assistance and investment tax credits:
Government assistance and investment tax credits are recorded as either a reduction of the cost of the applicable assets, or credited against the related expense incurred in the statement of operations, as determined by the terms and conditions of the agreements under which the assistance is provided to the Corporation or the nature of the expenditures which gave rise to the credits. Government assistance and investment tax credit receivables are recorded when their receipt is reasonably assured.

Inventories
CICA Handbook Section 3031 (which supercedes Section 3030) prescribes the accounting treatment for inventories and provides guidance on the determination of costs and its subsequent recognition as an expense, including any writedowns to net realizable value. It also provides guidance on the cost formulas that are used to assign costs to inventories. The adoption of this section did not impact the Company.

Property, plant & equipment
Property, plant & equipment is carried at cost, less accumulated amortization. Computer equipment comprises computer hardware and software is amortized on a straight-line basis over 24 months. Automobiles are amortized on a straight-line basis over 24 months.

Asset retirement obligations
Asset retirement obligations are legal obligations associated with the retirement of mineral properties that result from acquisition. The Company records the estimated fair value of a liability, and corresponding increase in the related property, for an asset retirement obligation in the year in which it is incurred and when a reasonable estimate of fair value can be made. The fair value of a liability for an asset retirement obligation is the amount at which that liability could be settled in a current transaction between willing parties, that is, other than in a forced or liquidation transaction and, in the absence of observable market transactions, is determined as the present value of expected cash flows. The Company subsequently allocates the asset's retirement cost to expense using a systematic and rational method over the asset's useful life, and records the accretion of the liability as a charge to the consolidated statements of loss, comprehensive loss and deficit.

Impairment of long-lived assets
The Company has adopted the CICA Handbook Section 3063: Impairment of Long-Lived Assets. This section requires the Company to assess the impairment of long-lived assets, which consist primarily of mineral properties and property, plant and equipment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. The Company reviews mineral properties for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable based on future discounted cash flow models. An investment carried at cost is written down when an impairment, other than temporary, has occurred.

Revenue recognition
Cash inflows earned on a routine basis include interest revenue and rental income from the tenants for the use of the property. Interest and rental revenues are recognized on the accrual basis. As the Company is currently in the development stage, all revenues are recognized as a reduction of expenses. Interest earned on the reclamation bond is offset against mineral property expenses, whereas interest earned on corporate cash balances is offset against general expenses.

Stock based compensation
The Company uses the fair value method of accounting for stock based compensation to employees, directors and non-employees. The compensation cost for options granted is determined based on the estimated fair value of the stock options at the time of the grant using the Black-Scholes option pricing model and is amortized over the vesting period with an offset to contributed surplus. When options are exercised, the corresponding contributed surplus and the proceeds received by the Company are credited to share capital.

Flow-through shares
The Company has financed a portion of its exploration activities through the issuance of flow through shares. Shares issued through flow through financing are recorded at their selling price. Under the terms of the flow through share agreements, the tax benefits of the exploration expenses are renounced in favour of the investors. Flow through share tax deductions are recognized when the flow-through shares are issued.

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow through share arrangements are renounced to investors in accordance with tax legislation. Under the liability method of accounting for income taxes, the future income taxes related to the temporary difference arising at the later of renunciation and when the qualifying expenditures are incurred, are recorded at that time together with a corresponding reduction to the carrying value of the shares issued.

Income taxes
The Company follows the liability method of accounting for income taxes. Under the liability method future tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured using the substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse. The effect on future income tax assets and liabilities of a change in tax rates is included in income in the period of the rate change. The amount of future income tax assets recognized is limited to the amount that is more likely than not to be realized.

Loss per share
Basic loss per share amounts are calculated using the weighted average number of common shares outstanding during the year. The treasury method is used to determine the dilutive effect of any instruments.

Cash and cash equivalents
Cash and cash equivalents represent cash and short-term deposits with original maturity dates of less than three months or which are readily convertible into known amounts of cash. Cash and cash equivalents at December 31, 2010 consists of bank deposits and a short term guaranteed investment certificate.

Use of estimates and assumptions
The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts and disclosures made in the consolidated financial statements and accompanying notes. These estimates and assumptions are based on management's historical experience, best knowledge of current events and conditions and activities that may be undertaken in the future. Items requiring estimates include evaluation of impairment of long lived assets, amortization of property, plant and equipment, contingent liabilities, warrant valuation, common stock option valuation and amortization of bond premium. Actual results could differ from these estimates.

Comprehensive income
Comprehensive income is the change in equity (net assets) of the Company during a reporting period from transactions and other events and circumstances from non-owner sources. It includes all changes to equity during a period except those resulting from investments by owners and distributions to owners. Comprehensive income is comprised of net income for the period and other comprehensive income, and this standard requires certain gains and losses that would otherwise be recorded as part of net earnings to be presented in "other comprehensive income" until it is considered appropriate to recognize into net earnings. Comprehensive income, and its components, are required to be presented in a separate financial statement that is displayed with the same prominence as the other financial statements. The Company had no comprehensive income or loss transactions, other than its net loss which is presented in the Consolidated Statements of Loss, Comprehensive Loss and Deficit, and did not accumulate other comprehensive income during the periods that have been presented. Accordingly a statement of comprehensive income has not been presented.

Goodwill and Other intangible assets and financial statement concepts
In November 2007, the CICA issued amendments to Section 1000 "Financial Statement Concepts," and AcG 11 "Enterprises in the Development Stage"," issued a new Handbook Section 3064 "Goodwill and Intangible Assets" ("Section 3064") to replace Section 3062 "Goodwill and Other Intangible Assets", withdrew Section 3450 "Research and Development Costs" and amended EIC 27 "Revenues and Expenditures During the Pre-operating Period" to not apply to entities that have adopted Section 3064. These amendments provide guidance for the recognition of internally developed intangible assets, including assets developed from research and development activities, ensuring consistent treatment of all intangible assets, whether separately acquired or internally developed. The amendments are effective for annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008 and therefore the Company has implement them in the first quarter of 2009, retroactively with restatement of the comparative periods for the current and prior year. The adoption of the standard did not have a significant impact on the Company's consolidated financial statements.

Credit risk and the fair value of financial assets and financial liabilities
In January 2009, the Emerging Issues Committee ("EIC") concluded that an entity's own credit risk and the credit risk of the counterparty should be accounted for in determining the fair value of financial assets and financial liabilities, including derivative instruments. The application of incorporating credit risk into the fair value should result in entities re-measuring the financial assets and financial liabilities as at the beginning of the period of adoption with any resulting difference recorded in retained earnings except when derivatives in a fair value hedging relationship accounted for by the short cut method (difference is adjusted to the hedged item) and for derivatives in cash flow hedging relationship (differences are recorded in accumulated other comprehensive income). The adoption of the standard did not have a significant impact on the Company's consolidated financial statements.

Mining exploration costs
In March 2009, the CICA issued EIC-174, "Mining Exploration Costs." The EIC provides guidance on the accounting and the impairment review of exploration costs. This standard is effective for our fiscal year beginning January 1, 2009. The application of this EIC did not have an effect on the Company's consolidated financial statements.

Financial instruments disclosures
The Company has adopted the amendments to CICA Handbook Section 3862, Financial Instruments - Disclosures. The amendments set out new standards for disclosures about the fair value measurements of financial instruments and the nature and extent of liquidity risk. The amendments require an entity to classify fair value measurements using a fair value hierarchy in levels ranging from 1 to 3 that reflect the significance of the inputs used in making these measurements. These amendments are consistent with recent amendments to financial instrument disclosure standards under International Financial Reporting Standards. Upon application by the Company, the fair value hierarchy level used in the determination of fair value of the Company's financial instruments has been disclosed in note 12.

Financial Instruments – recognition and measurement
In 2009, the CICA made several amendments and clarifications to Section 3855 Financial Instruments – Recognition and Measurement. The changes were as follows:

- Clarified the effective interest method which is a method of calculating the amortized cost of financial assets and financial liabilities and of allocating the interest income or interest expense over the relevant period
- Clarified the requirements regarding reclassification of held-for-trading financial instruments containing embedded derivatives
- Eliminated the distinction between debt securities and other debt instruments and changed the categories to which debt instruments are required or are permitted to be classified.

The adoption of these amendments did not have a material impact on the financial position, cash flow or earnings of the Company.

Future changes in accounting policy – business combinations
In January 2009, the CICA issued Section 1582, Business Combinations, replacing Section 1581 of the same name. The new section will apply prospectively to business combinations for which the acquisition date is on or after January 1, 2011. Section 1582, which provides the Canadian equivalent to International Financial Reporting Standard 3, Business Combinations (January 2008), establishes standards for the accounting for a business combination. Section 1582 requires business acquisitions (including non-controlling interests and contingent consideration) to be measured at fair value on the acquisition date, generally requires acquisition-related costs to be expensed, requires gains from bargain purchases to be recorded in net earnings, and expands the definition of a business. As Section 1582 will apply only to future business combinations, it will not have a significant effect on the Company's consolidated financial statements prior to such acquisitions.

Future changes in accounting policy – consolidated financial statements and non-controlling interests
In January 2009, the CICA issued Section 1601, Consolidated Financial Statements, and Section 1602, Non-controlling Interests, which together replace the existing Section 1600, Consolidated Financial Statements, and provide the Canadian equivalent to International Accounting Standard 27, Consolidated and Separate Financial Statements (January 2008). The new sections will be applicable to the Company on January 1, 2011. Section 1601 establishes standards for the preparation of consolidated financial statements, and Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. The Company has assessed the potential impact of the adoption of these new sections on its consolidated financial statements, and determined that there is no impact as the subsidiary is wholly owned.

Future changes in accounting policy – international financial reporting standards ("IFRS")
The Accounting Standards Board (AcSB) has announced that Canadian publicly accountable enterprises will be required to adopt IFRS effective January 1, 2011. Although IFRS employs a conceptual framework that is similar to Canadian GAAP, there are significant differences in recognition, measurement and disclosure. Adex Mining Inc. has undertaken a project to assess the potential impacts of the transition to IFRS and has developed a detailed project plan to ensure compliance with the new standards. The Company has completed the initial phase of the implementation project including the detailed diagnostic analysis which included a high-level impact assessment to identify key areas that may be impacted by the adoption of IFRS. This analysis resulted in the prioritization of areas to be evaluated in the next phase of the project plan, component evaluation. This phase, which is currently in progress, includes the analysis of accounting policy alternatives available under IFRS as well as the determination of changes required to existing information systems and business processes. This process will continue throughout until the first reporting date of March 31, 2011. Current areas of focus for the Company include accounting for exploration and development costs and intangible assets, impairment of long-lived assets, provisions and contingent liabilities, and accounting for stock-based compensation. Further disclosures as to the nature of financial and operational impacts to the Company will be made as available during the transition process.

3. COMMITTED CASH

On December 30, 2009, the Company completed a private placement of 8,408,665 flow-through units at a price of $0.12 per unit for gross proceeds of $1,009,040. The financing resulted in the issuance of 8,408,665 flow-through common shares and 4,204,332 non flow-through warrants. The proceeds of the common shares were renounced as flow-through eligible Canadian Exploration Expenses ("CEE") valued at $1,008,199. These funds were committed to be expended on CEE and, as such, were not available for general working capital purposes. As at December 31, 2010, the Company had expended all of these committed funds.

4. RECLAMATION BONDS AND ASSET RETIREMENT OBLIGATIONS

The land on which the Mount Pleasant property is located includes a dormant mine. The Company is obliged to comply with an environmental reclamation plan which is in effect for the property. This obligation is secured by a collateral mortgage to the Province of New Brunswick for $2 million on 22 hectares of land on which the mine site and primary buildings are located.

Reclamation bonds consist of Province of New Brunswick, 8.5% bonds maturing June 28, 2013. The bonds are pledged as security under environmental regulations with the Province of New Brunswick to ensure adequate funding is available for perpetuity to treat the acid water run-off from the abandoned Mount Pleasant mine shafts. The bonds are held for the benefit of the Company, and interest is paid bi-annually, as long as the Company continues to treat the acid water run-off appropriately. Interest is held on deposit by, and is disbursed at the discretion of, the Ministry of Finance of the Province of New Brunswick.

The Company's Mount Pleasant property is governed by an Approval to Operate, which was granted by the New Brunswick Ministry of Environment in November 2007. Under the terms of the Approval to Operate, the Company has been granted permission by the Ministry of Environment to operate the Property, Tailings Impoundment Facility and Mine Water Treatment Plant on a "Care and Maintenance" basis. However, the Company is required to monitor the water quality at its Tailings Impoundment Facility on a monthly basis, and the Company provides the Ministry of Environment with monthly water quality monitoring reports and the results of its monthly water sampling and testing.

Under the Approval to Operate, the Company is permitted to carry out exploration activities and metallurgical test work on its Mount Pleasant property. Consequently, the current security posted with the Province of New Brunswick is sufficient for the Company to continue exploration activities and metallurgical test work at the Property. However, the Company may face a review of its posted security by the Ministry of Environment when the Company advances to feasibility studies on its mineral deposits or commences the dewatering of its past-producing underground tungsten mine located on the Mount Pleasant property. Dewatering activities may also trigger a provincial Environmental Impact Assessment ("EIA") and may require the Company to upgrade its current Mine Water Treatment Plant. The Company will, therefore, enter into direct consultations with the provincial Ministry of Environment prior to initiating feasibility or dewatering activities, in order to ascertain any changes that may be required with respect to the existing security, or any obligations that may arise under a EIA.

5. MINERAL PROPERTIES

Mount Pleasant Property, New Brunswick	Exploration & development $	Tailings impoundment facility upgrade $	Total $
Balance, December 31, 2008	4,982,824	625,917	5,608,741
Additions	909,078	3,860	912,938
Balance, December 31, 2009	5,891,902	629,777	6,521,679
Additions	2,071,358	11,300	2,082,658
NRC-IRAP funding	(227,246)	-	(227,246)
Balance, December 31, 2010	7,736,014	641,077	8,377,091

The Company holds a 100% interest in the subsurface mineral rights to approximately 1,600 hectares encompassing the Mount Pleasant mine area. Within the mineral rights area, the Company owns approximately 405 hectares of land. Current year expenditures to December 31, 2010 are expenses related to the current mine development program. Tailings Impoundment Facility expenditures to date relate to the repair and rehabilitation of the Mount Pleasant Tailings Impoundment Facility in order to comply with government regulations, and in anticipation of future production requirements.

The Company has received funding by The National Research Council of Canada – Industrial Research Assistance Program ("NRC-IRAP") related to its zinc-indium hydrometallurgical flowsheet pilot program. NRC-IRAP provides funding to a maximum of $248,000. The Company has recognized $227,246 in funding to December 31 2010 (nil in 2009).

6. PROPERTY PLANT AND EQUIPMENT

As at December 31, 2010

	Cost $	Accumulated Amortization $	Net Book Value $
Computer equipment and software	56,103	10,152	45,951
Automobiles	16,654	16,654	-
	72,757	26,806	45,951

As at December 31, 2009

	Cost $	Accumulated Amortization $	Net Book Value $
Computer equipment and software	8,154	5,381	2,773
Automobiles	16,654	16,366	288
	24,808	21,747	3,061

For the year ended December 31, 2010, the amount of amortization charged to mineral property expense is $2,286 ($6,390 for the year ended December 31, 2009).

7. EQUIPMENT UNDER CAPITAL LEASE

The following is an analysis of equipment under capital lease:

December 31	**2010**	2009
	$	$
Equipment (cost)	**75,482**	75,482
Accumulated amortization	**(31,451)**	(6,290)
	44,031	69,192

The equipment under the capital lease is amortized on a straight-line basis over its economic life of 3 years. For the year ended December 31, 2010, the amount of amortization charged to mineral property expense is $25,161 ($6,290 for the year ended December 31, 2009).

8. SHAREHOLDERS' EQUITY

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preference shares. As at December 31, 2010, the Company had 137,080,192 common shares issued and outstanding.

	Number of shares	Amount
		$
Balance, December 31, 2008	88,117,361	38,859,324
Issuance of flow through shares	8,408,665	1,009,040
Allocation to warrants	-	(272,731)
Share issue expense	-	(170,809)
Tax benefits renounced on flow through shares	-	(292,378)
Balance, December 31, 2009	96,526,026	39,132,446
Issuance of common shares	40,000,000	4,800,000
Allocation to warrants	-	(680,000)
Compensation unit options	554,166	98,133
Share issue expense	-	(497,338)
Balance, December 31, 2010	137,080,192	42,853,241

On December 30, 2009, the Company completed a private placement of 8,408,665 flow-through units at a price of $0.12 per unit for gross proceeds of $1,009,040. The financing resulted in the issuance of 8,408,665 flow-through common shares and 4,204,332 non flow-through warrants, as well as a finders fee of 554,166 compensation unit options.

On October 19, 2010 the Company completed a private placement (the "Private Placement") transaction with Great Harvest Canadian Investment Company Limited ("Great Harvest") of 40,000,000 units (the "Units") at a price of $0.12 per unit, with each Unit consisting of one common share of Adex and one common share purchase warrant (a "Series A Warrant"), raising gross proceeds of $4.8 million. Each Series A Warrant entitles the holder thereof to acquire one common share at a price of $0.18 at any time prior to the earlier of (i) October 19, 2011, and (ii) the 30th day following the delivery a definitive feasibility study ("DFS") on the either or both of the North Zone or the Fire Tower Zone of the Property.

Other transactions contemplated in the Private Placement agreement with Great Harvest include requiring Great Harvest, subject to (i) the results of the DFS being satisfactory to Great Harvest and (ii) the then capital requirements of the Company as determined at the relevant time by the board of directors of the Company, to provide or arrange for the provision to the Company of loan facilities (the "Facilities") in an aggregate amount of up to $50,000,000 to be used for the commercial development of the Property, on such terms and conditions as may be agreed upon between the Company and the relevant financier(s). If an aggregate minimum of $10 million of the Facilities are made available to be drawn down by the Company within 180 days of the delivery to Great Harvest of the report of the results of the Feasibility Study, Great Harvest will have the right (the "Share Purchase Right") to purchase, within 40 days of the Facilities being available to be drawn down by the Company, 1.2 common shares for

each dollar of the facilities made available to be drawn down by the Company within one year of the completion of the Feasibility Study. The exercise price per common share pursuant to the Share Purchase Right will be equal to the volume weighted average trading price of the common shares on the TSX Venture Exchange (the "TSXV") for the five trading days ending the day immediately prior to the Facilities being available to be drawn down by the Company less the maximum discount therefrom permitted by the TSXV. The maximum number of common shares issuable pursuant to the Share Purchase Right is 60,000,000. The issuance of common shares pursuant to the exercise of the Share Purchase Right will be subject to further approval of the TSXV to be obtained following the Share Purchase Right becoming exercisable.

In connection with the above Private Placement, the agent to the transaction, was (i) paid a cash finder's fee of seven percent of the gross proceeds, (ii) issued by the Company as an additional finder's fee 2,800,000 Series A Warrants (seven percent of the Series A Warrants comprising part of the Private Placement), and (iii) issued by the Company as an additional finder's fee 2,800,000 common share purchase warrants ("Series B Warrants") (seven percent of the number of Series A Warrants comprising part of the Private Placement). Each Series B Warrant entitles the holder to acquire one common share at an exercise price of $0.20 per common share until October 19, 2011, provided that (i) the Series B Warrants will only become exercisable when Series A Warrants are actually exercised, and (ii) the Series B Warrants will only be exercisable at any time to the extent of the number of Series B Warrants as is equal to 7% of the number of Series A Warrants comprising part of the Units which have been exercised at such time. In addition, the agent is entitled (i) to be paid by the Company a retainer of $144,000 payable in 12 equal monthly installments of $12,000, the first of which was paid on the closing of the Private Placement, (ii) to be paid an additional cash finder's fee equal to 7% of the gross proceeds realized by the Company on the exercise, if any, of the Series A Warrants comprising part of the Units issued pursuant to the Private Placement (a maximum of $504,000), and (iii) to be paid by the Company an additional cash finder's fee equal to 1.5% of the principal amount of each loan made available by Great Harvest or a third party financier arranged for by Great Harvest to be drawn down by the Company, to a maximum of $750,000.

On December 14, 2010, 554,166 compensation unit options, with an assigned valuation of $31,633, were exercised, providing gross proceeds of $66,500. The compensation unit options exercised resulted in the issuance of 554,166 common shares and 554,166 half warrants, each full warrant being exercisable to purchase a common share at a price of $0.20 per share until December 30, 2011.

Contributed Surplus

	Amount $
Balance, December 31, 2008	1,424,707
Common share options expense	234,801
Warrants expired unexercised	104,522
Balance, December 31, 2009	1,764,030
Common share options expense	228,597
Balance, December 31, 2010	1,992,627

Stock options

On January 31, 2009, 240,000 common share stock purchase options with an exercise price of $0.30 were forfeited.

On April 24, 2009, the Company granted an aggregate of 1,450,000 common share options with an exercise price of $0.12 per common share to directors, officers and certain employees and consultants of the Company. The options vest quarterly in equal amounts over a twelve month period from the date of the grant and expire on April 24, 2014.

On February 4, 2010, the Company granted an aggregate of 1,750,000 common share options with an exercise price of $0.15 per common share to directors, officers and certain employees and consultants of the Company. The options vest quarterly in equal amounts over a twelve month period from the date of the grant and expire on February 3, 2015.

On June 22, 2010, the Company granted 200,000 common share options with an exercise price of $0.12 per common share to a director of the Company. The options vest quarterly in equal amounts over a twelve month period from the date of the grant and expire on June 22, 2015.

The following summary sets out the activity in outstanding common share stock options for the year ended December 31, 2010:

	Options #	Weighted-average exercise price $
Outstanding, December 31, 2008	5,700,000	0.31
Forfeited January 31, 2009	(240,000)	0.30
Issued April 24, 2009	1,450,000	0.12
Outstanding, December 31, 2009	6,910,000	0.27
Issued February 4, 2010	1,750,000	0.15
Issued June 22, 2010	200,000	0.12
Outstanding, December 31, 2010	8,860,000	0.24
Options exercisable at December 31, 2010	8,332,500	0.25

The weighted average fair value of the options issued February 4, 2010, $16,600, has been estimated at the date of grant using the Black-Scholes pricing model with the following assumptions: risk-free weighted-average interest rate ranging of 2.43% and based on the full life of the option, expected dividend yield of nil, average expected volatility of 169.35% and based on the annualized, weekly stock price calculated over the previous common share trading history, equal to the life of the option and expected life term of five years.

The weighted average fair value of the options issued June 22, 2010, $197,750, has been estimated at the date of grant using the Black-Scholes pricing model with the following assumptions: risk-free weighted-average interest rate ranging of 2.65% and based on the full life of the option, expected dividend yield of nil, average expected volatility of 161.02% and based on the annualized, weekly stock price calculated over the previous common share trading history, equal to the life of the option and expected life term of five years.

The details of stock options outstanding at December 31, 2010 are as follows:

Number of stock options	Number exercisable	Vesting term	Remaining contractual life	Exercise price per share	Expiry date
2,050,000	2,050,000	(1)	1.50 years	$0.30	June 29, 2012
1,370,000	1,370,000	(2)	1.50 years	$0.30	June 29, 2012
250,000	250,000	(2)	1.60 years	$0.40	August 2, 2012
140,000	140,000	(3)	1.64 years	$0.35	August 20, 2012
150,000	150,000	(2)	1.92 years	$0.45	November 28, 2012
50,000	50,000	(2)	2.09 years	$0.33	January 30, 2013
1,450,000	1,450,000	(2)	2.45 years	$0.30	June 11, 2013
1,450,000	1,450,000	(2)	3.32 years	$0.12	April 24, 2014
1,750,000	1,312,500	(2)	4.11 years	$0.15	February 23, 2015
200,000	100,000	(2)	4.49 years	$0.12	June 22, 2015
8,860,000	8,332,500				

Options that have been issued and remain outstanding vest in one of three ways: (1) immediately on date of grant; (2) over one year from the date of grant, in equal quarterly installments commencing three months following the date of grant; or (3) over a period of eighteen months in quarterly installments commencing three months following the date of grant of 12.5%, 12.5%, 25%, 25%, 12.5% and 12.5%.

The weighted average fair value of the options outstanding is $0.26 per option, each contract fair value having been estimated at the date of grant using the Black-Scholes pricing model with the following assumptions: risk-free weighted-average interest rate ranging from 1.21% to 4.70% and based on the full life of the option, expected dividend yield of nil, average expected volatility ranging from 69.47% to 169.35% and based on the annualized, weekly stock price calculated over the previous common share trading history, equal to the life of the option and expected life term of five years. Under this method of calculation, the Company has recorded $228,597 as stock-based compensation, being the fair value of the options vested during the year ended December 31, 2010 ($234,801 for the year ended December 31, 2009).

Warrants

The following summary sets out the activity in outstanding common share purchase warrants for the year ended December 31, 2010:

Outstanding, December 31, 2008	600,000	$0.200 to $0.60
Expired	(350,000)	$0.60
Expired	(250,000)	$0.30
Issued *	4,204,332	$0.175 to $0.20
Outstanding, December 31, 2009	4,204,332	$0.175 to $0.20
Issued	40,000,000	$0.18
Issued	2,800,000	$0.18
Issued	277,083	$0.20
Outstanding, December 31, 2010	47,281,415	$0.18 to $0.20

*Note – exercise price of $0.175 per common share until December 31, 2010, with an exercise price of $0.20 per common share thereafter until December 31, 2011.

The details of the Company's outstanding common share purchase warrants at December 31, 2010 are as follows:

Number of warrants	Remaining contractual life	Exercise price per share	Expiry date
40,000,000	0.80 years	$0.18	October 19, 2011
2,800,000	0.80 years	$0.18	October 19, 2011
4,204,332	1.00 years	$0.20	December 30, 2011
277,083	1.00 years	$0.20	December 30, 2011
47,281,415			

Compensation unit options

On December 30, 2009, the Company completed a private placement resulting in the issuance of a finder's fee of 816,665 compensation unit options. At December 31, 2010, 262,499, compensation unit options remain outstanding and are exercisable until December 30, 2011 into one common share at a price of $0.12 per share, and one-half of one Warrant, with each full Warrant entitling the the holder to purchase a common share at a price of $0.20 per share. The compensation units and warrants are measured at the exchange amount in the normal course of business.

The following summary sets out the activity in outstanding compensation unit options for the year ended December 31, 2010:

Outstanding, December 31, 2008	-	-
Issued	816,665	$0.12
Outstanding, December 31, 2009	816,665	$0.12
Exercised	(554,166)	$0.12
Outstanding, December 31, 2010	262,499	$0.12

9. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2010, the Company incurred related party expenses of $199,000. These expenses related to the payment of management fees to the Company's senior officers.

During the year ended December 31, 2009, the Company incurred related party expenses of $259,500. These expenses related to the payment of management fees to the Company's senior .Included in the related party expenses for 2009 was a one-time retiring bonus in the amount of $75,000 to the President and Chief Executive Officer upon his retirement effective April 22, 2009.

During the year ended December 31, 2010, the Company paid directors fees of $109,567 ($88,000 for the year ended December 31, 2009).The increase in expense reflects the addition of 2 new directors in October 2010.

During the year ended December 31, 2010, the Company paid technical consulting fees of $5,949 (nil for the year ended December 31, 2009) to an independent director.

During the year ended December 31, 2010, for their efforts in securing financing, the Company paid a special bonus of $75,000 each (nil for the year ended December 31, 2009) to a President & CEO and a Director.

These amounts were expensed in the year incurred as administrative and general expenses. There are no amounts payable to these related parties at December 31, 2010. The amounts paid and owing are in the normal course of business and are measured at the exchange amount, are non-interest bearing and due on demand.

10. INCOME TAXES

Future income tax recoveries arising from the issuance of flow through shares and renouncing of future Canadian eligible exploration costs result in recovery of $292,378 for the year ended December 31, 2009 and nil for the year ended December 31, 2010.

The following is a reconciliation from the Canadian statutory rates to taxes as recorded in the financial statements:

December 31	**2010** **$**	2009 $
Statutory rates	**29%**	29%
Loss before income taxes	**1,714,313**	1,399,852
Expected income tax benefit based on statutory rate	**497,000**	406,000
Adjustment to benefit resulting from:		
Share issue expenses deductible	**40,000**	59,000
Stock based compensation	**(66,000)**	(66,000)
Other non-deductible expenses	**27,000**	9,000
Tax rate adjustments	**-**	(351,000)
Future tax asset not recognized	**(498,000)**	(57,000)
Provision for income taxes - current	**-**	-

As at December 31, 2010, the Company has remaining losses available for carry forward of approximately $7,257,000 (2009 - $5,455,000) which expire as follows:

	$
2014	116,000
2015	160,000
2026	545,000
2027	1,793,000
2028	1,402,000
2029	1,332,000
2030	1,909,000
	7,257,000

As a result of a flow through share financing, the Company renounced $1,008,199 of Canadian Exploration Expenses (“CEE”) at December 31, 2009 (nil for 2010).

The Company has the following future income tax balances:

December 31	**2010**	2009
	$	$
Non-capital losses carried forward	**1,814,000**	1,364,000
Resource related deductions	**1,503,000**	1,042,000
Share issuance costs	**160,000**	120,000
Future income tax asset	**3,477,000**	2,526,000
Renunciation of exploration expenses	**(292,378)**	(292,378)
Future income tax liability	**(292,378)**	(292,378)
Future income tax asset	**3,477,000**	2,526,000
Future income tax liability	**(292,378)**	(292,378)
	3,184,622	2,233,622
Less: valuation allowance	**(3,184,622)**	(2,233,622)
Net future income tax asset and liability	**-**	-

The possible tax benefits, if any, of these losses and tax pools carried forward have not been recognized in the financial statements except to the extent they offset tax liabilities.

11. COMMITMENTS, CONTINGENCIES AND GUARANTEES

The Company has a contractual lease obligation related to its corporate premises that requires minimum total lease payments of $90,659 until September 2012. The following table demonstrates the outstanding yearly commitments.

	$
2011	51,805
2012	38,854
	90,659

The following is a schedule of future minimum lease payments under the capital lease expiring August 31, 2012 together with the balance of the obligation under capital lease.

	$
2011	26,789
2012	17,859
Total minimum lease payments	44,648
Amount representing interest at 7%	(2,619)
Balance of the obligation	42,029

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of financial assets and liabilities

Under Canadian generally accepted accounting principles, financial instruments are classified into one of the following five categories: held-for-trading, held to maturity investments, loans and receivables, available-for-sale financial assets and other financial liabilities. The carrying values of the Company's financial instruments, including those held for sale on the consolidated balance sheet are classified into the following categories:

	December 31, 2010		December 31, 2009	
	Carrying value	**Fair Value**	Carrying value	Fair Value
	$	**$**	$	$
Held for trading [(1)]	**3,698,193**	**3,698,193**	2,767,123	2,767,123
Loans and receivables [(2)]	**275,433**	**275,433**	99,371	99,371
Held to maturity [(3)]	**829,506**	**829,506**	780,103	780,103
Other financial liabilities [(4)]	**503,406**	**503,406**	360,878	360,878

(1) Includes cash and cash equivalents.

(2) Includes accounts receivable and interest receivable.

(3) Reclamation bond

(4) Includes accounts payable, accruals and capital leases.

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies; however, judgment is required to develop these estimates. The fair values of the Company's financial instruments are not materially different from their carrying value. All of the Company's instruments are classified as (1) in the fair value measurements hierarchy due to their short-term nature.

Risks arising from financial instruments and risk management

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

The Company uses various methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks.

(a) Market risk

(i) Price risk

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's financial assets and liabilities and operating costs are principally denominated in Canadian dollars. The Company has historically had insignificant operations in United States ("US") dollars. The Company has no US dollar hedging program due to its minimal exposure to financial gain or loss as a result of foreign exchange movements against the Canadian dollar.

Commodity price risk

Commodity price risk is the risk of financial loss resulting from movements in the price of the Company's commodity inputs and outputs. The Company is exposed to commodity price risk arising from revenue derived from forecast future sales of the metals it is exploring for. The Company does not manage commodity price risk through the use of derivative instruments.

(ii) Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate risk is minimal as there are no outstanding loans or interest-bearing debts. The Company has not entered into any interest rate swaps or other active interest rate management programs at this time.

(iii) Sensitivity analysis
GAAP requires disclosure of a sensitivity analysis that is intended to illustrate the sensitivity of the Company's financial position, performance and fair value of cash flows associated with the Company's financial instruments to changes in market variables. The sensitivity analysis provided discloses the effect on income at December 31, 2010 assuming that a reasonably possible change in the relevant risk variable has occurred at December 31, 2010 and has been applied to the risk exposures in existence at that date to show the effects of reasonably possible changes. The reasonably possible changes in market variables used in the sensitivity analysis were determined based on implied volatilities (where available) or historical data.

The sensitivity analysis provided is hypothetical and should be used with caution as the impacts provided are not necessarily indicative of the actual impacts that would be experienced as the Company's actual exposure to market rates may change. Changes in fair values or cash flows based on a variation in a market variable cannot be extrapolated because the relationship between the change in market variable and the change in a particular value or cash flows may not be linear. In addition, the effect of a change in a particular market variable on fair values or cash flows is calculated without considering interrelationships between the various market rates or mitigating actions that would be taken by the Company.

The Company does not hold any investments subject to variable interest, therefore any changes in interest rates will not give rise to significant changes to the net loss.

The Company does not hold any foreign exchange, therefore any changes in foreign exchange rates will not give rise to significant changes to the net loss.

At December 31, 2010, a change in the value of tungsten, molybdenum, tin indium or zinc would not change the recognized value of any of the Company's financial instruments.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposures to outstanding receivables.

The Company has no concentration of credit risk. The carrying amounts of financial assets recorded in the financial statements are adjusted for any impairment and represent the Company's maximum exposure to credit risk.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining at all times sufficient cash, liquid investments and committed credit facilities to meet the Company's commitments as they arise. The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows.

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets (such as publicly traded available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Company is the closing price.

13. SUBSEQUENT EVENT

On February 25, 2011, 131,249 compensation unit options were exercised, providing gross proceeds of $15,750. The compensation unit options exercised resulted in the issuance of 131,249 and 131,249 half warrants, each full warrant being exercisable to purchase a common share at a price of $0.20 per share until December 30, 2011. The weighted average fair value of the warrants, $17,020, has been estimated at the date of grant using the Black-Scholes pricing model with the following assumptions: risk-free weighted-average interest rate ranging of 1.71% and based on the full life of the option, expected dividend yield of nil, average expected volatility of 105.13% and based on the annualized, weekly stock price calculated over the previous common share trading history, equal to the life of the warrant and expected life term of 309 days.

14. COMPARATIVE FIGURES

Certain of the prior year's figures have been reclassified to conform to the current presentation.