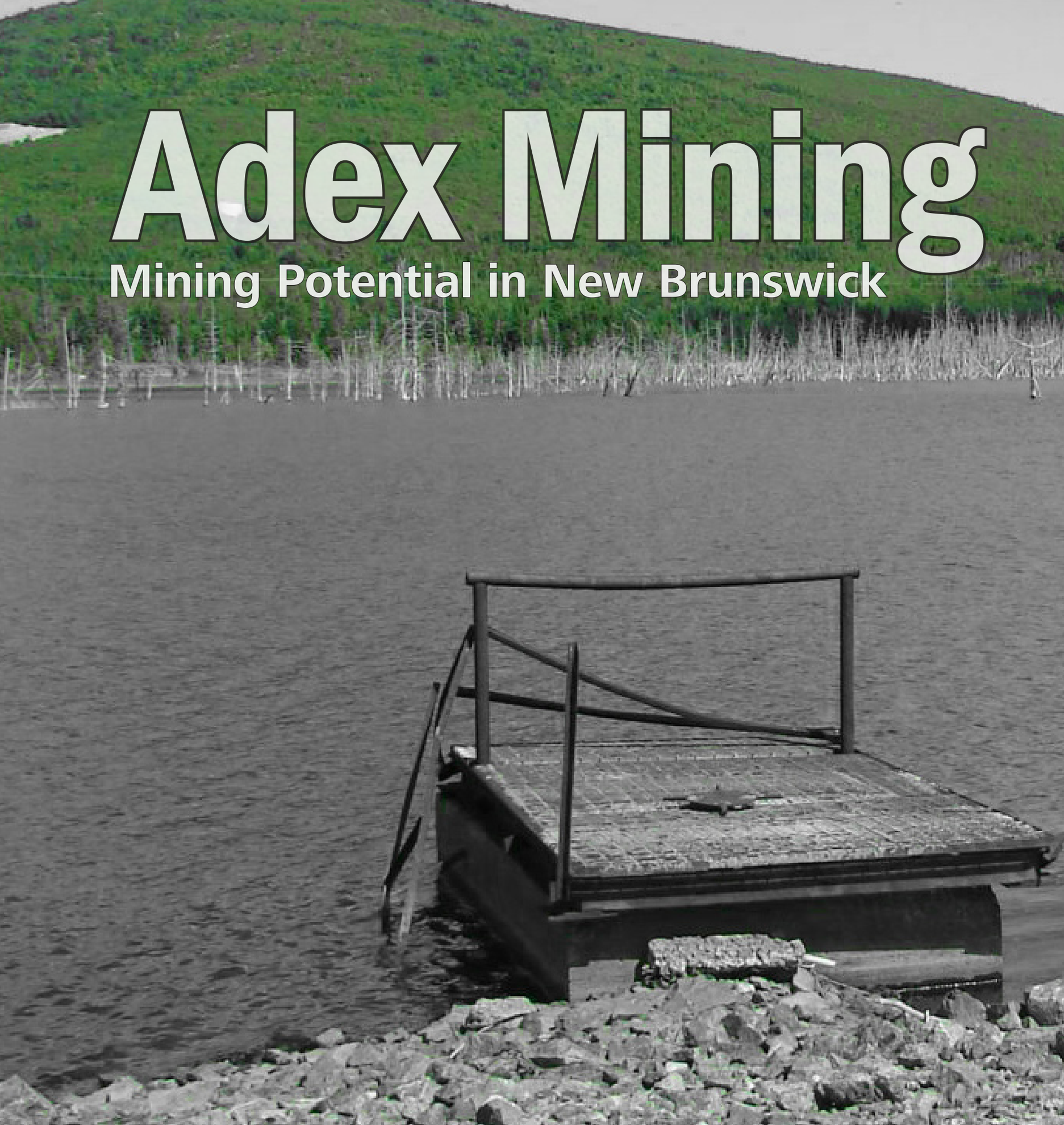
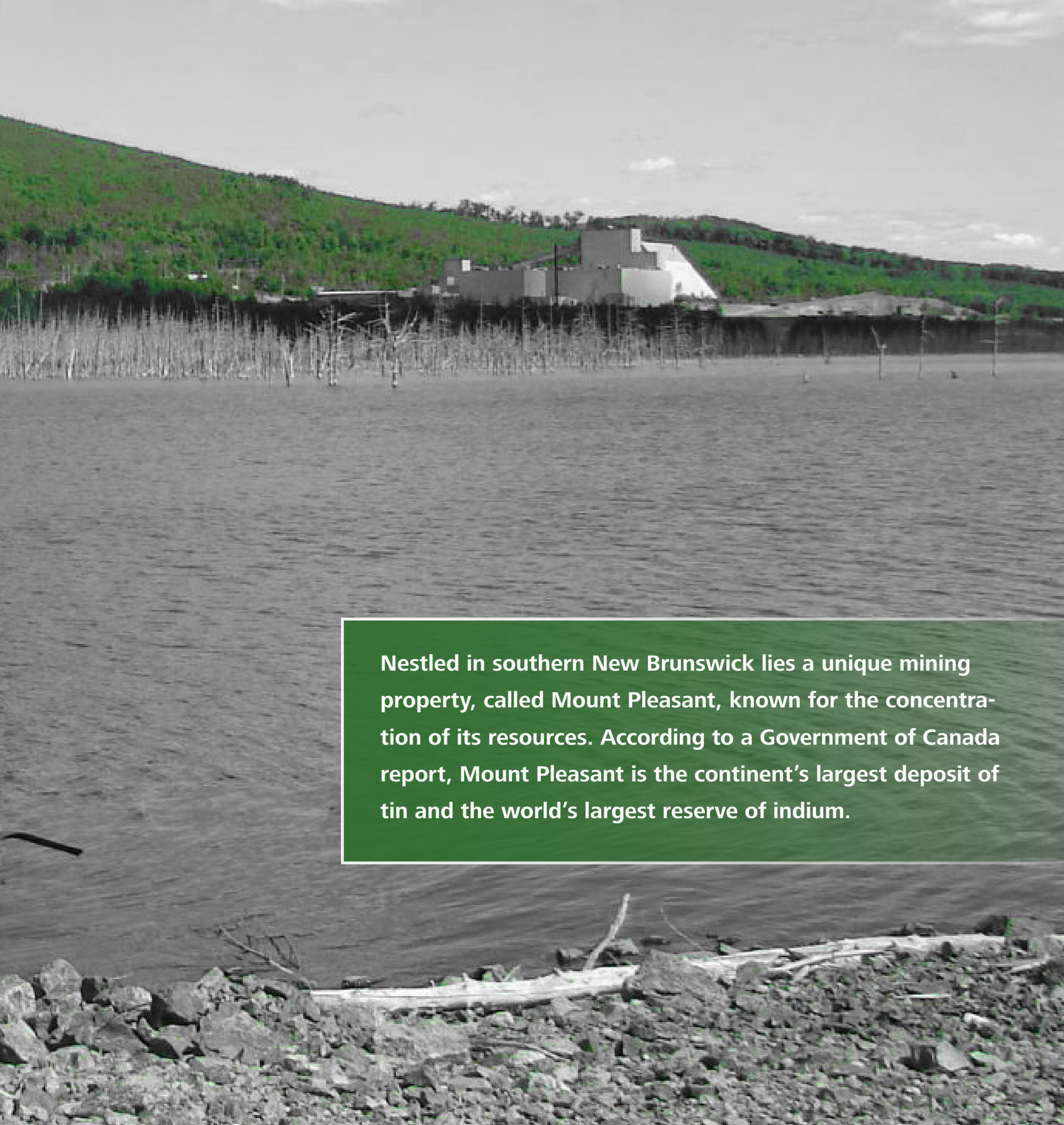

ADEX
MINING



Adex Mining

Mining Potential in New Brunswick



Nestled in southern New Brunswick lies a unique mining property, called Mount Pleasant, known for the concentration of its resources. According to a Government of Canada report, Mount Pleasant is the continent's largest deposit of tin and the world's largest reserve of indium.

For those who are unfamiliar, indium is a rare metal that is chemically similar to zinc. Currently, indium is primarily used in liquid crystal displays (LCD) and touchscreens; it is these functions that largely determines indium's global mining production. Mount Pleasant, then, has enormous potential.

The Mount Pleasant property is wholly owned by Toronto-based Adex Mining, a public junior mining company with the sole focus to see their mine succeed. Adex holds the mineral rights to 4,000 acres and the surface rights to about 1,500 of those acres, which includes existing structures of the past-producing mine. Adex has divided its land into two zones, based on different resources. There is the North Zone, with tin-indium-zinc resources, and the Fire Tower Zone, with tungsten-molybdenum resources. Interestingly, these are two significant, but distinctly different ore bodies.

Some history

According to Farr, mineralisation was first discovered in Mount Pleasant in the 1950s. It wasn't until the early 1980s that Billiton Exploration Canada invested over $150 million to construct

and eventually operate a tungsten-molybdenum mine. It was as short-lived operation as the plummeting price of tungsten forced an early closure; the facility was only active from 1983 to 1985. From there, Lac Minerals acquired it and did some further exploration work, looking for tin. Finally, Adex Mining bought the Mount Pleasant property in 1993 and has owned it ever since.

It was Adex that discovered the indium. In 1997, the company started the property's feasibility study for indium; prior to that period, no one knew it was there. Moreover, no one would have known its significance. Unfortunately, that study coincided with the collapse of the mineral market in 1997. "It wasn't the time to move things forward," says Farr.

Gaining ground

Adex's accomplishments in the last two years have been significant. "On the Fire Tower Zone, we brought the resource estimate up to NI 43-101 standards and completed a scoping study that looked at the operation," Farr continues. "The results showed a 27 per cent internal rate of return and a capital expenditure of $130 million."

The study came out in November of 2008, again when the world was in the midst of the economic crisis. "While we were eager to move ahead, raising the capital and developing the project wasn't something we wanted to embark on right away," Farr says. "Concurrently with that work, we conducted an additional drill program on the North Zone. We improved the resource estimates by about five-fold. We had 3 million tonnes delineated previously, now we have approximately 17 million tonnes of ore—10 million tonnes of indicated resources and 7 million of inferred resources on the site."

Aerial view of Mount Pleasant Mine, New Brunswick

Since the summer, Adex has been working on a new preliminary economic assessment on mining the North Zone. The company's premise is to reduce the risk of the mining operation in light of the economy.

5 42
Mo
Molybdenum
95.94

Silver-white in its pure form and very hard, molybdenum has the sixth highest melting point of any element, as well as the lowest heating expansion of any commercially used metal. Canada is the world's fourth-largest producer of molybdenum (2006 figures), according to the International Molybdenum Association.

Uses: High-strength alloys and high-temperature steels to improve hardenability, strength, toughness and resistance to corrosion. Lubricants, reagents, dyeing compounds, pigments, glazes and enamels, electroplating compounds, catalysts, fertilizers, flame retardants, paints and inks.

Commodity

6 74
W
Tungsten
183.84

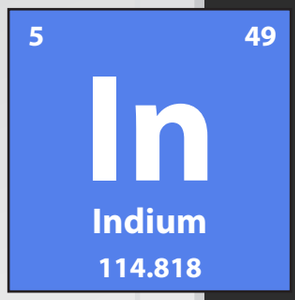
Very hard and dense, tungsten has the highest melting point of any metal. It is able to withstand tremendous force at elevated temperatures, is highly resistant to corrosion and offers good thermal and electrical conductivity. Tungsten metal is the hardest of the refractory metals, while tungsten carbide is one of the hardest known substances.

Uses: Light-bulb and vacuum-tube filaments, electrodes, high-performance alloys, tool-and-die manufacturing, welding equipment, electroplating.

Chemically similar to aluminum, this rare and in-demand metal is soft, malleable and easily fusible. Indium occurs in base-metal concentrates such as tin, copper, lead and zinc, and is a rare element, ranging 61st in abundance in the earth's crust.

Adex has the world's largest indium reserves, according to the US Geological Survey (2006 figures).

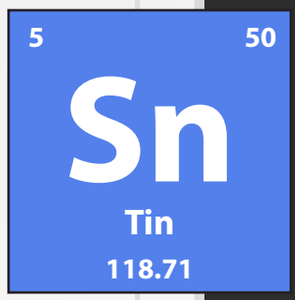
Uses: Liquid crystal displays for computers and other electronics, thin-film solar technology, semi-conductors, infrared reflectors, solders.



Information

Tin is a silvery metal characterized by its high malleability and resistance to corrosion.

Uses: Coatings for lead, zinc and steel to prevent corrosion, organic tin compounds, solders for joining pipes, electrical circuits, alloying with copper to create bronze, cans and containers.



> "Our strategy is to have a reduced capital project that can be leveraged into a larger project where we can include the Fire Tower Zone," says Farr. "We're right in the middle of looking at economic models and scenarios now and we hope to have a published result within the next month or so."

"From a financial resources perspective, we have taken about $3 million at the beginning and spent one-third of it carefully, looking at ways this project can be in production in a conservative but aggressive manner. We do not intend to sit and wait for a rosy future to happen, because we have the resources. We know these metals are exciting and in-demand, and we intend to find a scenario to put it into production."

Long-term plans

"Our project is extremely unique," Farr beams. "I think in some respects, its uniqueness is what makes it so attractive. From that perspective, our long-term plans are to become the miner of the metals at Mount Pleasant. It's a big project for a small company, but it's one that will keep us busy on its own for the next two to five years, based on who we are today. Mount Pleasant has at least 10 years of resources, but probably more."

Farr says if the opportunity presents itself, the company might go after another project, but it's not something he is thinking about at the moment. "Because Mount Pleasant is so unique, I think we would find it difficult to find a complementary project at this stage. We could go after similar indium projects, but there aren't any others in the world like this."

"Our focus has been this project. I think until this project is off the ground, I don't have a view to do anything beyond it," Farr adds. "We think there's a trick to unlocking the value in this and we're close to getting there."

Having said that, Adex is expanding in some ways. The company is working on producing a concentrate to sell to smelters, creating a value add for the operation. Adex Mining is wrought with potential. There is no doubt Canada will hear more about this company's success. CBJ

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