

Adex Mining on target for early 2011 feasibility study, production decision

By Martin Hayes - Chief Correspondent

London, 01 September 2010 - Canada's Adex Mining Inc, which last week signed a funding deal for its Mount Pleasant project, is on course to land a feasibility study for the indium/tin project, with a decision on production to follow.

"The [placement allows] us to complete the metallurgical work. We will work now on getting offtake partners, primarily for indium and tin," Adex president and CEO Errol Farr said.

The agreement with Great Harvest Canadian Investment Co Ltd will fund the development of Adex' wholly owned Mount Pleasant mine. It requires the feasibility study to be completed on or before May 31 next year.

"We are going to organise that [the feasibility study] right away - the placement closes in mid-October," Farr said in an interview. "It will take four-to-six months - so [will be] completed by early 2011. At that time we will make a production decision.

Great Harvest is a Hong Kong-based investment company that is principally engaged in the mineral resource development, mineral trading and marine transportation industries.

As well as the private placement, the agreement requires Great Harvest to provide financing for loan facilities of up to \$50 million. This is subject to the results of the feasibility study.

The focus will be on Mount Pleasant's North Tower zone for indium and tin, Farr said - the company sees fundamental strength in both indium and tin.

"Prices now are very competitive - the break-even in tin is at \$10,000 per tonne and indium at \$400 per kilo and they both held above there at the bottom of the recession," he said.

On the LME, three-month tin is trading around \$21,400 per tonne, while free-market indium is some \$550/600 per kg.

METAL OUTPUT TARGETS

If all proceeds according to plan, production is slated for early 2012, with a ramp-up to full capacity over three-to-six months. Adex expects production of 40 tonnes per year of indium and around 1,500 tonnes per year of tin in concentrate.

"We take a zinc/indium concentrate and are piloting a process to produce an indium sponge 'two nines' indium," Farr added. "The market is worldwide, although there are a couple of indium consumers in North America."

"Tin is perhaps an easier metal to sell because of the LME, although we are not metal traders - we are miners. We are looking at offtake for our tin concs," he said.

Adex will also produce around 4,000 tonnes per year of zinc metal.

(Editing by Mark Shaw)

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