

Mount Pleasant Mine could be in production by 2012

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MOUNT PLEASANT – Mount Pleasant Mine could be in production by 2012 and this would mean the creation of 200 to 300 jobs, says Adex Mining's president and CEO Errol Farr.

The company recently announced it has agreed to sell shares and warrants to the Great Harvest Canadian Investment Company Limited, a Hong Kong-based company, to fund the development of the mine property.

Mount Pleasant was operated as a tungsten mine by Billiton Exploration Canada Ltd. in the early 1980s but closed in 1985 because of a drop in tungsten prices and has not been in operation since.

Farr said, in a telephone interview Friday, that he is sure half of St. George has been wondering for the last 25 years whether the mine would be reopening.

"I cannot make any guarantees but this is as good as it gets as far as I am concerned. We are making very good progress on all fronts. The market seems to be with us for the future - certainly for indium it appears strong and for tin it is extremely strong right now - and our efforts in overcoming some of the obstacles of the past are coming through very well right now.

"We really like the fact that it has enormous local flavour to it. We are looking at completing the definitive feasibility study by the end of this year/early spring 2011."

A production decision will be made based on those studies, said Farr, so the mine could be in production sometime early to mid-2012 which, in mining terms, is a very short period of time.

The agreement provides for a private placement to Great Harvest of 40 million shares for a total of \$4.8 million by the middle of October. Within 30 days of the completion of the feasibility study which is to be completed by May 31, 2011, if it is positive, Great Harvest has a warrant to purchase a further 40 million shares for \$7.2 million. Shortly after that, said Farr, Great Harvest needs to bring in \$50 million of debt financing and they get additional equity interest at the same time.

"The total value of what we might expect to go into the company as a result of the transfer is between \$65 and \$95 million and that is enough to put the North Zone (NZ) into production."

Farr said they decided to start with the NZ as the long term markets for tin, indium and zinc are strong and the capital is less than starting with the Fire Tower Zone (FTZ) which contains molybdenum and tungsten.

"This is consistent with what we started to plan a year and a-half ago. The FTZ will probably come on line one to two years after so we have plans to put it into production. The cash flow from the NZ can help fund the FTZ."

Farr said mining the NZ would create 200 and 300 jobs across the board from miners to those working in administration and the majority of the skills needed are in New Brunswick.

"New Brunswick has a fabulous mining tradition and a number of skilled trades people and professionals although they might have to move from north to south."

The underground workings at Mount Pleasant were flooded following the closure of the mining operation in 1985 and Farr said they think they are in good shape but the NZ is not dependant on the flooded workings as they will be mining in a new area.

As for the above-ground facilities he said they are in very good shape and structurally sound. He said the tailings pond is in good condition and ready to be used with only minor upgrades to be done.

While it's too early to talk about hiring, since people will not be on site in earnest until 2012, Farr said they will set up an employment centre or a website that will allow people to apply for the jobs.

He said there are a combination of things that make this look very optimistic. They have put together a financial package, prices for tin and indium are good - Mount Pleasant contains the world's largest indium resource and North America's largest tin resource - and they have made great progress metallurgically which is probably the trickiest part.

This work is being carried out by Thibault and Associates, a process chemical engineering firm in Fredericton, and Farr said Dean Thibault, senior process engineer and owner of the company, was one of the early engineers at Mount Pleasant. In fact, he said, four of their people have ties to the old operation.

"It is getting very close. We started a program early in 2010 and the first part was to produce tin concentrate and zinc indium concentrate and that has been done.

"We are waiting for the final reports and there will be additional follow-up in the fall. We are very comfortable with what we have learned so far."

He said Thibault took the zinc and indium concentrate using hydrometallurgy to produce zinc metal and indium metal and have built a small pilot facility in Fredericton which they are getting very close to running on a continuous basis.

"We know they have done bench work. We have produced indium sponge before and are very close to producing it on a continuous basis. The metallurgical work will be completed this fall."

Indium is used for the thin film coating on computer screens and anything with a flat panel display such as Blackberries and iPhones. Farr said there is not an enormous growth but a very steady demand for the metal.

If the mine reopens, he said, they have laid out plans for 10 years of production in the NZ. This would mean about three million tonnes of production although they have identified 17 million tonnes of material so far which could mean a mine-life of 25 years.

In the FTZ, said Farr, they have a ten to eleven year plan for about 10 million tonnes of production although there is between 14 and 15 million tonnes there so that would give a mine-life of about 15 years.

"I think one of the key elements we will also solve this fall is where we are going to sell our metals. The indium market is very small and is a specialty type of market because it is consumed by a few private producers.

"We are also looking at the sale of tin and discussing that with a number of tin buyers and hope to have agreements in place this fall which solidifies the sale of the metals which is as important as being able to produce them. We have had discussions and are looking for, and continue to look for, the right partners."

Farr concluded, "We are very excited about what we have achieved in 2010 and will continue to do. The team is very dedicated to the Mount Pleasant property and we have always looked for local sources for everything we have tried to buy and will continue to do so."