

New mines could create 500 jobs

Published Saturday October 23rd, 2010

Development: Mount Pleasant site in southwestern New Brunswick contains valuable metals

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FOR THE TELEGRAPH-JOURNAL

The head of Adex Mining Inc. says the development of his company's property in southern New Brunswick would cost roughly \$200 million and sustain up to 500 jobs over 20 years.

 [ENLARGE PHOTO](#)

"It's a significant development for the province," Adex president and CEO Errol Farr said Friday.

Adex (TSX-V:ADE) purchased its New Brunswick property in 1995. Known as Mount Pleasant, the site is halfway between Fredericton and St. George, the small town on the Bay of Fundy. No development has taken place at the site yet, but this week the Toronto-based company announced significant movement in that direction.

Adex has completed the first stage of a deal with the Great Harvest Canadian Investment Company Limited that will pour significant cash into the Mount Pleasant development.

On Wednesday, Adex said Great Harvest is paying \$4.8 million for 40 million shares (at \$0.12 per share).



Submitted Photo

Core racks showing some of the nearly 172 kilometres of drill core retrieved from the Mount Pleasant property since the 1950s.

But that is only the first step in Adex's agreement with the Hong Kong-based resource development company.

The deal also provides Great Harvest the right to buy more shares at \$0.18 per unit, meaning Adex would pocket another \$7.2 million.

However, Great Harvest must make that move within 30 days of Adex receiving a Mount Pleasant feasibility study. On Friday, Farr said the study should be completed by May 31 of next year.

Great Harvest must also deliver a \$50-million loan within 120 days of the feasibility study landing. After that, Great Harvest will get an incentive to buy more stock (60 million shares), which would provide Adex with even more cash.

In total, the deal is scheduled to pump at least \$65 million into Adex, but Farr says the actual figure will likely be "quite a bit more".

That cash, he says, will put into production Mount Pleasant's North Zone, where the company intends to mine for zinc, tin and indium - an essential component in computer and cell phone screens.

According to Farr, a decision to launch mining activities will be made next June, as soon as the feasibility study is complete. From that point it would take a year to build the mining plant, with actual revenues expected to flow by mid- to late-2012.

The plan is to use the "cash flow and success" of the North Zone to fund development of the Fire Tower Zone, where the company will mine for tungsten (the world's hardest metal) and molybdenum, which is used in steel.

"Theoretically, we may do the Fire Tower Zone without any further equity," Farr said in an interview on Friday while in Fredericton, where half of Adex's 25 staff are based.

But at this point, everything starts with the Great Harvest deal.

"They have experience in mining projects, they're entrepreneurial and they demonstrated the ability to provide the capital," Farr said. "They were our best choice."

He also noted the Mount Pleasant mine will be unusual because the company plans to both mine and process the metals on site.

Overall, he said Mount Pleasant would cost about \$200 million to develop, resulting in 300 to 500 jobs over the mine's 20-year life span.

Adex has held the Mount Pleasant site since 1995, but Farr says metal prices are starting to align in the company's favour. For example, he noted tin prices have "shot up" this year from \$12/kilogram to \$27/kilogram - surpassing the metal's 2008 peak.

"It's been a long road," he said. "But the fundamentals are falling into place very nicely...We seem to be hitting our stride in the demand for these metals."

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