

LME Week

Supplement

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October 2008

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A Pleasant Recovery

'Life after death' for mining projects

AS WORLD DEMAND for more specialised metals continues to grow apace, juniors and others are honing-in on the opportunities for these high growth potential minor metals. Indeed, the growing importance of minor metals was recently underlined by the LME's decision to start trading two new contracts in the second half of 2009 (molybdenum and cobalt – see page 37).

The Mount Pleasant complex is one such property. It was built and developed by the then Billiton in the 1980s, but closed and flooded in 1985 after less than three years operations as sliding metal prices made it uneconomic. Located 65 km from the US border and 1 hour from the Port of Saint John in New Brunswick, the property was bought by Canadian junior Adex Mining Inc. [listed on the TSX Venture and Frankfurt exchanges] in 1995. It now consists of 1,600 hectares constituting 102 mining claims.

Between 1997 and 2006, Mount Pleasant remained in 'care and maintenance'. Adex Mining began the rehabilitation of the project in 2007 and recently began taking steps towards moving the mine back into production. This was facilitated by a new CA\$12.5 million back-to-back financing initiated to get the mine back to production within the next 2-3 years.

Mount Pleasant is essentially two projects: The Fire Tower Zone (FTZ) which hosts tungsten-molybdenum mineralisation and the North Zone which hosts tin-indium. The company expects to bring tungsten-molybdenum into production first, but also has high hopes for the tin-indium North Zone. Adex

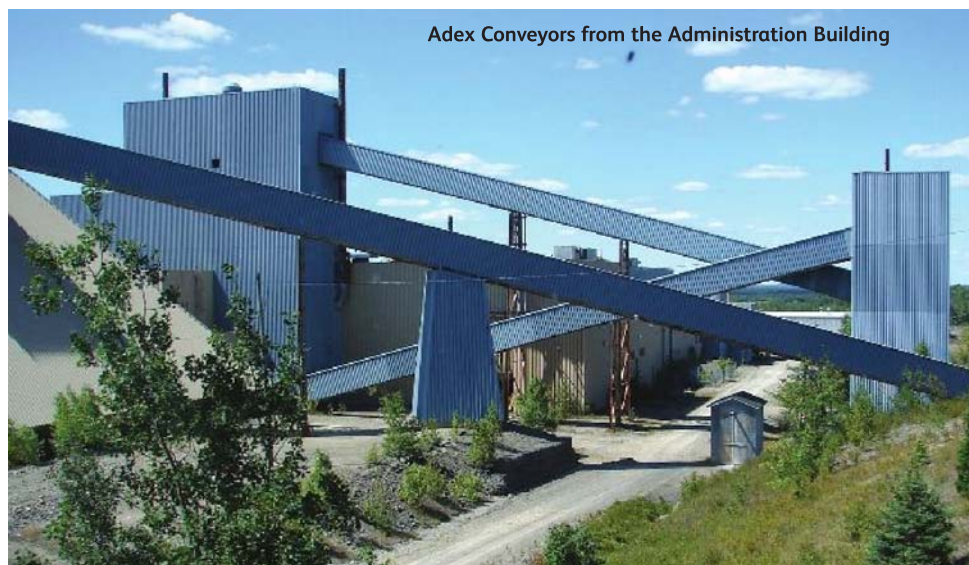
recently contracted Toronto-based Watts, Griffis and McQuat Limited (WGM) to prepare updated mineral resource estimates and NI 43-101 compliant technical reports for both zones. Adex hopes the reports will enable it to upgrade the mineral resource estimates for the two zones to the NI 43-101 'indicated' category, as well as help in preparing for feasibility work at Mount Pleasant. The two reports will incorporate data from the company's ongoing 2008 exploration drilling program.

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The North Zone and the Deep Tin Zone contain a non-NI 43-101 compliant historical total resource of 3,645,429 tonnes at 0.80% tin, 107 parts per million indium, 0.87% zinc and 0.19% copper based upon a 1997 feasibility study completed by Kvaerner Metals. The historical nature of the deposits requires an upgrade to the NI 43-101 compliant category in order to move to feasibility.

Adex recently contracted Aker Metals, a division of Aker Solutions

Canada Inc. to conduct a scoping study on the FTZ – an important step in assessing the economic potential of the FTZ's tungsten-molybdenum mineralisation. "The scoping study is a key step forward for Adex that will greatly assist us in our efforts to fast-track mine development at the Mount Pleasant Mine property, with a view to resuming active production," said Kabir Ahmed, President and CEO of Adex Mining. The study will provide Adex's management team with an essential decision-making



Adex Conveyors from the Administration Building

Adex holds 102 prospective mineral claims covering 1,600 hectares (4,000 acres), as well as 405 hectares (1,000 acres) of surface rights at Mount Pleasant, including the existing mine structures.

tool in preparation for definitive feasibility work at the property.

"The upgrading of the mineral resource estimates for Mount Pleasant represents another important step in Adex's fast-track approach to moving the project towards feasibility, which, in turn, allows us to evaluate our options as they relate to development and the commencement of production," says Ahmed.

The scoping study is scheduled for completion during the fourth quarter of 2008. Adex Mining Inc. announced the final analytical results for the North Zone, Phase 1 definition drilling program in mid-September. The results are for sampled core from 2,718

metres of drilling over eight vertical holes that tested the Property's Deep Tin and North Adit mineralised bodies.



Adex Rack of Core Samples

"The results of the Phase 1 definition drilling program were either consistent with or better than the expectations of management of Adex. Specifically, in the NZ, Sn-In-Zn and tungsten-molybdenum bearing mineralisation was found to occur and extend to shallower depths than expected.

Adex further announced that the final analytical results for the FTZ, Phase 1. The results, which include six metres of 0.77% tungsten and 0.43% molybdenum, are for sampled core from 3,312 metres of drilling completed in eight holes testing the FTZ's North, South, West and East mineralised bodies.

"The tungsten and molybdenum grades returned in this group of results are equal to or higher than the values contained in our previous NI 43-101 compliant inferred resource estimate for the FTZ completed by Watts, Griffis and McQuat in August 2006," says Ahmed. "We look forward to utilising the results from our Phase 1 drill program in the preparation of an updated resource estimate, which we anticipate will upgrade the FTZ to the NI 43-101 'indicated' category, which will, in turn, enable us to continue fast-tracking the Mount Pleasant Mine Property towards feasibility."

Therefore, the Phase 1 drill results are either consistent with or better than the expectations of management. The nature of the geological setting of the Mount Pleasant mineralised bodies hosted within and along the contacts

of granite bodies and breccias results in highly variable shapes and orientations of its zones. For this reason, no estimation of true widths can be provided from these results at this stage.

Adex has also completed the Phase 2 exploration program at the FTZ, designed to increase the size of the mineral resource. Since early March 2008, Adex has completed 47 drill holes in total for its Phase 1 and 2 programs, testing both the tin-indium-zinc-copper and tungsten-molybdenum-bismuth zones throughout the Mount Pleasant Property.

The 2008 drilling program is being completed as part of the ongoing independent review of Mount Pleasant. The results, together with the additional sampling of historical core in the vicinity of these holes are being compiled and incorporated into Adex's GEMCOM database of the FTZ with the purpose of generat-

ing an updated NI 43-101-compliant deposit model and resource estimate for the FTZ.

Prospects for Minor Metals

As shown above, Mount Pleasant represents two great opportunities: One, a past producer, which could be producing again in 2-3 years and the North Zone which has significant 'blue sky' potential.

Adex is well financed for the next 12-18 months to complete all feasibility at Mount Pleasant. The next stage after completing assessments is going back to the market and/or finding a partner to share and develop the asset. However, the ripples of recent capital market turmoil have also adversely affected juniors. Credit and finance is obviously much more difficult – and expensive – to procure with the cost of doing business increasing in volatile markets.

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Accordingly, investors and financiers are more demanding and risk averse. Tight credit, together with inflationary cost pressures is set to reduce the toleration of setbacks in the development of projects. "The consequence of project overruns or delays, with the resulting depletion of cash resources to continue development, are now dire," according to the latest *Mining Eye* report from Ernst & Young. "In this environment unsympathetic investors can very quickly come to regard even good projects as unattractive or uneconomic investments." This is a scenario facing many juniors throughout the world.

Nevertheless, miners in the main remain relative success stories on TSX, AIM and elsewhere. Minor metals have also become an increasing focus for non-traditional investors in commodities.

The global economic climate remains highly uncertain, and metal prices will remain highly volatile. Managing the risks in such an environment are therefore increasingly difficult •

The Mount Pleasant Mine Property and is located in Charlotte County, New Brunswick, 80 kilometres south of Fredericton, the provincial capital. For more information on Adex Mining see:

www.adexmining.com