

ADEX MINING INC.

TSX-V: ADE

Price (May 18): \$0.19

52-Week Range: \$0.385-\$0.08

Shares Outstanding: 137.2 million

Market Cap: \$26.1 million

Recommendation: Speculative Buy (No Change)

12-Month Target Price: \$0.80 (No Change)

PROFILE: Exploration and development of the Mount Pleasant mineral property in New Brunswick.



Source: www.bigcharts.com

1. EXERCISE OF WARRANTS BY GREAT HARVEST; and 2. DEPARTURE OF PRESIDENT AND CEO

1. Exercise of Warrants

Adex Mining Inc. announced that Great Harvest Canadian Investment Company (based in Hong Kong) has exercised in full its 40,000,000 Series A warrants and has been issued 40,000,000 common shares for an aggregate subscription price of \$7,200,000. The proceeds from the exercise of the warrants are to be used by Adex to advance the Company's flagship Mount Pleasant mine property in New Brunswick (tungsten-molybdenum and tin-indium-zinc).



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Great Harvest now holds 80,000,000 Adex common shares, representing about 45.14% of the Company's issued and outstanding shares.

Further Financing

Subject to a satisfactory feasibility study and to Adex's capital requirements, Great Harvest has agreed to provide or arrange for the provision to Adex of loan financing in an aggregate amount of up to \$50,000,000, to be used for the commercial development of the Mount Pleasant property. Great Harvest also has the right to purchase up to 60,000,000 additional common shares of the Company in connection with the drawdown of the loan financing for minimum amount of \$10 million.

COMMENT: *The exercise of the warrants by Great Harvest happened in advance of both deadlines listed in the 2010 subscription agreement, being October 19, 2011 or the 30th day following the delivery of a definitive feasibility study (DFS) for the Mount Pleasant project or any of its two zones. As Adex's target has been to issue a DFS in late 2011, October 19, 2011 seemed like a deadline for the exercise. The fact that Great Harvest went ahead with the financing now is encouraging in terms of the prospects for Mount Pleasant's development, in particular development of the North Zone. According to Adex, the North Zone development program is intact: an updated resource estimate for the North Zone is expected to be published by the end of May 2011, and the DFS should be finished by the end of the year.*

2. Departure of President and CEO

Adex announced the departure of J. Errol Farr as the President and Chief Executive officer of Adex, effective May 18, 2011. Linda Lam Kwan, a director of Adex, will act as interim President and CEO. Ms. Lam Kwan is a director of Great Harvest Group and is principally responsible for the group's holdings in the mining industry. Mr. Farr, who was a director and officer of Adex from 1998, will act as a Consultant to Adex for one year.

For further details, see Adex's May 18, 2011 news release, available on SEDAR at www.sedar.com.

COMMENT: *What implication the departure of the CEO has for the future direction of the Company is not clear but, what is clear, is that the representatives of Great Harvest are now firmly in control. Whether this management change translates into a quickening in the Company's development program remains to be seen. Until a new CEO is ensconced, and management affirms the Company's direction, we assume that it is "business as usual" and, for that reason, we see no reason to change our Recommendation or Target Price.*

THE COMPANY

Adex Mining Inc., with its headquarters in Toronto, Ontario, is engaged in the exploration and development of its Mount Pleasant mineral property in New Brunswick, specifically the tin-indium-zinc project (North Zone); and the tungsten-molybdenum project (Fire Tower Zone).

Adex is concentrating primarily on the North Zone (NZ) for several reasons: (1) capital costs of the Fire Tower Zone (FTZ) are approximately \$130 million compared with \$71 million for the NZ; (2) tin prices have shown the best long-term strength, while prices for molybdenum (FTZ's metal) have remained weaker.



According to the subscription agreement, Great Harvest will provide Adex with \$65-100 million in equity and debt financing, subject to the success of the DFS. Adex estimates the amount of capex necessary to bring the NZ into production at \$71 million. Therefore, the agreement with Great Harvest provides Adex with a high probability of starting production at the NZ, most likely in 2013, and advancing the development of the FTZ by the end of 2013.

For more on Adex Mining Inc., see eResearch's March 4, 2011 *Update Report*, available at the following link: http://www.eresearch.ca/report/ADE_030411-U.pdf.

RECOMMENDATION

We continue to recommend the shares of Adex Mining Inc. as a Speculative Buy for risk-tolerant investors. Our 12-month Target Price remains \$0.80 per share.

RATINGS HISTORY

Date	Report Type	Recommendation	Stock Price	Target Price
March 4, 2011	Update	Speculative Buy	\$0.25	\$0.80
March 8, 2011	Perspective	No Change	\$0.255	No Change
May 18, 2011	Perspective	No Change	\$0.18	No Change

eResearch Analysts: Yuri Belinsky, MA and Bob Weir, B.Sc., B.Comm., CFA

Analyst Affirmation: I, Yuri Belinsky, hereby state that, at the time of issuance of this research report, I directly own shares of Adex Mining Inc., and I, Bob Weir, hereby state that, at the time of issuance of this research report, I do not own, directly or indirectly, any shares of Adex Mining Inc.

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Adex Mining Inc. paid eResearch a fee of \$20,000 + HST to have it conduct research on the Company on an Annual Continual Basis.

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