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High metal prices make Acadian mine more viable

By BRUCE ERSKINE Business Reporter
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Terry Coughlan

Rebounding world metal prices bode well for the future of Acadian Mining Corp.'s mothballed zinc and lead mine in Gays River, says company vice-president Terry Coughlan.

But the jury is still out on when the open pit mine near Stewiacke might reopen.

"At some point, we want to start up," he said in an interview from his Halifax office. "We have to see if (prices) are going to stay."

Acadian closed the mine, which employed as many as 140 people at its peak, earlier this year after world metal prices tanked with the global recession.

Mr. Coughlan said at the time the price of zinc, the mine's chief product, would have to rebound to the range of 95 U.S. cents to US\$1 per pound from a low of 50 U.S. cents to make the mine viable.

Zinc is now selling for about US\$1 a pound on world

markets.

While the mine could make "good money" at that price, Mr. Coughlan said Acadian is

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waiting to see if the price will stabilize at that level.

"We're getting mixed readings," he said.

Renewed demand for zinc and lead from emerging economies like China, India and Brazil is driving global metal prices up.

But Mr. Coughlan said ongoing economic problems in the U.S., which still drives much of the world economy, could dampen the metal sector's rebound.

"The trends are somewhat positive, but there are still concerns about the U.S.," he said. "We're sitting on the fence, waiting to see what the trend is."

Meanwhile, the company has commissioned a study to determine when and under what conditions the mine might reopen.

The study is looking at startup costs and other "tweaks" needed to resume profitable operations, said Mr. Coughlan.

"You can't just re-flip a switch."

Acadian shareholders recently voted to accept a \$10-million investment by Golden River Resources Corp., a major Australian gold mine developer.

The money, which gave Golden River a 68 per cent stake in Acadian, is being used to pay down \$7 million in debt and to fund exploration of Acadian's gold mining properties on Nova Scotia's Eastern Shore.

Mr. Coughlan said Acadian, which could use its zinc mill to process gold ore, has done more drilling at its Beaver Dam gold property. The company has increased its total indicated and inferred gold resource estimates to 600,000 ounces and more than one million ounces, respectively.

Gold prices climbed over US\$1,110 an ounce on Monday, well above Mr. Coughlan's production cost estimates of \$350 to \$600 an ounce.

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- Derek Flynn, CEO



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