
RADIO INTERVIEW WITH ALAN SCOTT, CEO AND MANAGING DIRECTOR, MESA MINERALS LIMITED, CONDUCTED ON MONDAY, 15 MARCH 2010.

BRR Today on Boardroomradio I'm talking with Mr Alan Scott who is the CEO and Managing Director of Mesa Minerals. Good morning, Alan, and thank you for your time today.

Alan Good morning, Andrew.

BRR Now, Alan, when we spoke last, you provided our listeners with an update of Mesa Minerals' business prospects and objectives. Could we start by summarising those comments and noting further developments?

Alan Sure, Andrew. I think we mentioned that Mesa Minerals had changed its name from HiTec Energy, and the purpose of that was to better reflect the spread of assets and activities the Company now has. These are the assets and activities that it has at its disposal from which to generate income for shareholders. And then I think what I talked about at length was the three income stream policy that had really been central to our activities and our planning over the last two years. And we still see those three income streams as being derived from, firstly, our mining projects at Ant Hill and Sunday Hill in the Pilbara region of Western Australia.

- Specifically in this regard, the Ant Hill mine has exported its first two shipments of ore to Chinese customers. The feedback from that quality has been very positive and we are planning to get that mine into operation as soon as is humanly possible.
 - The second income stream was based around our use of our own technology to treat the low-grade fines produced at Ant Hill using our own technology and to do that at a plant we have planned for Port Hedland where we have a lease in the Boodarie Industrial Estate.
 - I'm very hopeful. We've done a lot of work on this plant over the years and we know exactly what we'd like to build and, you know, it's realistic that a plant like this could be up and running within 24 months of the first shipments going out of Ant Hill.
 - Third income stream was again related to our patented technology, and that was where we saw ourselves licensing that technology to
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- We've identified, in the last six months – a little more than that – some really exciting potential users who could generate a lot of value from this technology. And we are working hard – I can't say that I have over the last months on this but, up till then and from next month, I'll be working hard at getting a deal in place, or getting multiple deals in place, that will see this third income stream actually accelerated to become potentially being recognised before our second income stream can be recognise.

So, all in all, that's what it's about: driving down multiple paths and the synergy between our technology and the mining assets.

BRR Now, Alan, I noted in the presentation that you released last week that you talked about DSO or Direct Shipping Ore, and I wondered how this fitted with plans for ore beneficiation by dense media separation that we talked about previously. Could you just clarify for me, and our listeners, exactly what your plans are into ore beneficiation?

Alan Yeah, that's a good question, Andrew, and we've had a few queries from shareholders and other last week on that very point. I guess it demonstrates that people are focussed upon us as a producing entity, or beginning to focus on us as a producing entity, and are now trying to predict what our actual output potential in terms of ore tonnes and grade might be. I can give some clarify here.

I think the first thing I'd like to say is that DSO, or Direct Shipping Ore, is not a term I normally use, despite it being a valid and pretty-well understood term in the mining industry. I think the best description of it is that it implies that the ore can be mined, crushed and sold without further beneficiation or processing, just as we did for our first two trial mining ore shipments. We literally mined, crushed the ore and sold the ore as crushed. There was no further beneficiation. In that regard, you can quite well use the term "Direct Shipment Ore" or DSO.

However, many listeners will understand that the very act of crushing, which is done primarily for transport logistics and end-user processing reasons, can, in practice, also be an act of beneficiation. It's worth noting here that this was very much the case with the ore we mined at Ant Hill during the trial mining exercise. The experience was that crushing alone had a significant beneficiating effect on the ore. I guess we're able to say that we can sell Ant Hill ore, or any ore that is potentially produced from Ant Hill, without further beneficiation. And we do that by sorting it into what we would call our high-grade and medium-grade products – the two products we tested in the trial shipments. However, it's very important to understand that our trial mining exercise also indicated that two of the four ore types seen at Ant Hill – namely, materials from the extensive brecciated zones and laterite zones –

should react very well to dense media separation and there's a strong contention that an appropriate DMS plant to treat these two ore types is relatively low cost and readily available. Accordingly, while we might start up the mine without a DMS plant, we would be planning to introduce one at the earliest possible date as the economics of doing so are extremely positive. It's a no-brainer.

So, whilst it's appropriate to call our potential products Direct Shipping Ore, in future I think shareholders will see a combination of Direct Shipping Ore, or DSO, and DMS-upgraded products being shipped. It's a point that goes to the value we extract out of this ore body, and I will spend some more time in future making sure that shareholders understand what our plans are in this regard.

BRR And, Alan, can you explain how the dispute with Auvex Resources, which has affected the move into regular production at Ant Hill, came about?

Alan I could write a book on this one, Andrew, but, in reality, all I want to say is that the problems we have had with Auvex have been building for a long time and have resulted in Mesa finally taking action to protect its interests. In essence, Mesa has issued its joint venture partner in the Ant Hill development, who is Auvex Resources, as you correctly state, with a default notice, and that process will now have to play out. Simultaneously, however, every step possible is being taken by Mesa to allow regular production to commence at the earliest possible opportunity, and we remain optimistic about that. Not a lot more I can say at this point, Andrew, for reasons you would understand.

BRR Now, I also understand in recent communications with shareholders you observed that there appeared to be a link between the default notice served on Auvex and the EGM scheduled for 25 March.

Alan I think the issue is that the requisitioning shareholders and the proposed directors include people who are connected with Auvex. The Board of Mesa does not believe it is appropriate to elect people nominated by or which themselves may have connections with Auvex while the dispute exists. It just seems to be, to us, absolutely the wrong way for things to go at the moment. And I'd recommend that shareholders take note of all of our recent announcements by Mesa on this issue.

BRR Now, you've also said in your correspondence to shareholders that this action represented an attempt to take over Mesa Minerals without really paying a control premium. Do you still stand by that?

Alan Oh, absolutely. I mean, if they are successful, the requisitioning shareholders will have a majority of seats on the Board. They will, therefore, be able to control the day-to-day operations and the direction of the Company. That's very clear. In such circumstances, shareholders should be provided with information as to what is their intentions and who they represent, and this has just not been done. Some of the more obvious issues that should be addressed by the

requisitioning shareholders and their nominated representatives include:

- How would they deal with a dispute between Mesa and Auvex?
- What's their relationship with Auvex and why have they not declared it to date? How would they handle any conflicts between the interests of Auvex and the interests of other Mesa shareholders?
- Who would manage the Company if they were successful in their requisition? And what are their plans to manage and grow the Company in the interests of the shareholders?

In my view, Andrew, shareholders would be totally justified in remaining sceptical about the motive of these people for not having answered these questions.

BRR And, Alan, why should shareholders support the current Board?

Alan Well, I think there are four good reasons for doing so.

The first is that the current Board has developed a well-devised and well-publicised strategy for the Company, aimed at delivering substantial long-term shareholder value. We make no apologies about the time it's taken to do that. Over the last two years, we believe – that we've announced this strategy – we've made a significant advance, despite what are very difficult times.

And I guess that's the second point I'd like to make and I've strayed into there – that the Company has made significant progress over the last 12 to 18 months, despite it being one of the worst times for business on record for decades.

The third reason I'd give you is that the current Directors have preserved value in that tough market, and have actually strengthened the position of the Company during it, and we're well placed to capture significant potential value in the strengthening market that we're now seeing.

Fourth and finally, Mesa has a very valuable mining asset or assets and very valuable port assets in the Pilbara, which recent deals, such as the one just in the last few business days that's been announced between Atlas and Aurox, demonstrate very ably what those assets that are related to supply into the steel industry can be worth.

I guess I'd like to conclude by saying, very strongly, now is not the time to be giving over your Company into the hands of persons who have not provided any guidance as to where they intend to take the company. It's just very silly for people to even expect that our shareholders would do that.

BRR Well, Alan, thank you very much for your time today, and I'm sure Mesa shareholders will appreciate those comments.

Alan Good. Thanks, Andrew.

BRR And if you wanted to ask Alan a question, please email us on
 brr@brr.com.au.

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