
RADIO INTERVIEW WITH ALAN SCOTT, THE MANAGING DIRECTOR AND CEO OF MESA MINERALS, CONDUCTED ON FRIDAY, 12 FEBRUARY 2010.

BRR **Joining me today on Boardroomradio is Mr Alan Scott, who is the Managing Director and CEO of Mesa Minerals. Good morning, Alan.**

Alan **Good morning, Andrew.**

BRR **Now, firstly, can you give us some background about Mesa Minerals and your current projects?**

Alan **Mesa Minerals as a corporate entity goes back decades and it has had various corporate strategies and names over the years. It's fair to say in the early years it was an explorer for minerals – one or more minerals over those early years. More importantly, and most recently, it was known as HiTec Energy Limited, which was primarily a developer of hydrometallurgical process technology.**

These patented processes were designed to facilitate the production of high value manganese products importantly from low grade manganese dioxide ores or even, in some cases, high tenor manganese industrial waste. Said another way, our focus up till then was on cheaper and cleaner ways to produce the products that are demanded by today's lifestyles. For example, electrolytic manganese dioxides that are required in battery making, particularly the new lithium manganese vehicle batteries, electrolytic manganese metal required in seal and ferrite production, and, importantly, a variety of fertilisers and fungicides required in agriculture. Our processes can do all these tasks in an economically competitive, and, importantly, an environmentally friendly manner, unlike the processes often employed to produce these chemical compounds today.

The main focus over the last few years, during which, I might add, that Mesa has expanded and consolidated its patent portfolio and initiated a new manganese ore export strategy. Understanding that is the key to understanding where the Company is at and what its future prospects are. The strategy that we've enunciated over the last couple of years is our three sustainable income stream strategy. Put simply, income stream one was to be achieved by getting a long term mining operation up and running at Ant Hill, and then following that at Sunday Hill, and by selling the higher grades of the manganese ore produced into the ferromanganese alloy industry, in the expectation of a Chinese led steel boom, as has largely come to pass. Income stream two is

interconnected. It was to be achieved by processing the lower grade lumban find from that Ant Hill operation and in time from the Sunday Hill operation at Port Hedland using our own patented processes. What we've told the shareholders is that we initially intended to produce two forms of manganese fertiliser, then when sufficient capital was available, adding in as a third product, a very high purity electrolytic manganese dioxide for sale to the lithium manganese car battery makers, and, thirdly, income stream three was to be achieved by selectively licensing the same patented processes to other companies, who wish to produce high purity manganese sulphate solution for any purpose, and particularly so where there was a business fit with Mesa, and that could be through the marketing of the end products or in some other manner. It is very clear to us that income stream two and income stream three doing it yourself and licensing the technology to other people is compatible.

So I guess, in summary, we're working hard to bring home projects in each of these three areas and have made significant progress along each path. That progress has come despite having to be very frugal over the last couple of years with our cash and despite the global financial crash of late 2008 that literally left the prospects from manganese ore sales, which were our main focus at that point, effectively lying dead in the water for around six months. That's all I want to say other than I do hope to have more to say soon about the specifics of what we are attempting to achieve in 2010 as regards the technology licensing or income stream three.

BRR Now, on 21 January you announced that the vessel carrying the second trial shipment of manganese ore from Ant Hill had sailed from Port Hedland. Can you give us some more details of this and why was this significant?

Alan Yeah, I did make the comment in our December quarterly that this was a particularly significant sale and that comment was not related to the very good price we achieved for the ore. What I was trying to get across was that the grade of the shipment was not too dissimilar to the grade of the ore we are now describing as our likely medium grade product. This will change, but let's say for the moment something around the 36 per cent manganese and the 19 per cent iron mark. (Our higher grade product target by comparison is likely to be around the 43 per cent manganese, 13 per cent iron mark.) Now, shareholders may not remember this fact but our initial single product target was a 40/13 manganese to iron ratio and achieving this was thought to involve more beneficiation than now appears to be required.

What we have now learned is that provided buyer appetite for this medium grade product continues, and there's no reason to think that it won't given the knowledge we now have of how it is being used, then more of the mined ore body will report as ore, which means that less reports as waste obviously, and importantly, more of the ore reporting will be saleable at higher prices. If you then add to this the fact that we possess the technology to process any low grade fines fraction from the

crushed ore streams, in an extremely efficient manner, and the fact that the ore body has long term potential, it only takes a few sums on the back of an envelope to work out that we have a very exciting prospect on our hands here. In metal recovery terms, this is potentially a first class project and one that will demonstrate how mines can be configured to maximise the community returns as well as the shareholder returns.

BRR And what can you tell us about the mining approvals to develop and mine the Ant Hill and Sunday Hill manganese deposits?

Alan The most important thing I can tell you is what I recently told our shareholders in an ASX release. This was that the final approvals are now all but in hand. We need to increase our security deposit by something like \$110,000, which will be done without fail. Having done this we are assured that the approvals will be recommended for signature by the Director of Environment for the Department of Mines and Petroleum. As the DMP has already approved the project management plan we can only trust that there can be no last minute change of mind by the authorities; it's just inconceivable. Mesa's Board and our shareholders have waited something like 20 months for this news which seems an incredibly long time given the relative simplicity and low risks of our project. However, that's what it's taken and there's no sense in going backwards and looking too hard at this. In this regard I don't wish to infer in any way that the DMP was slow to act or difficult to deal with. I actually think the problems lay elsewhere.

I should add that Mesa is currently in dispute with this joint venture partner, Auvex Resources Limited, which is a fact that should not interfere with the granting of approvals. In this regard Mesa has issued a notice of default against Auvex, under the terms of the governing agreement, and is considering its options, which, I have to say, may include legal action. Here it would also be remiss of me not to note that certain Mesa shareholders, who, in the main, are also shareholders or associates of Auvex, have requested a general meeting to be convened under Section 249D of the Corporations Act to replace the existing directors and take control of the Board and hence the Company. This matter aside, your current board and management are looking forward and are focused very, very strongly on those matters that will advance the recommencement of mining at Ant Hill without further delays.

BRR Now, I obviously can't finish without asking about the 249D attempt to replace the Board of Directors and the impact this might have on your goals and what you hope to accomplish in 2010.

Alan Yeah. Well, summarising it, Mesa has received a request from shareholders, purportedly holding more than 5 per cent of the Company shares, to call a general meeting of shareholders and to consider the resolutions put forward to replace board members, Norman Fussell, Warren Brown, Marcel Van de Velde and myself, with directors nominated by them, namely, Shane Hardwig, Guy Touzeau Le Page and Justin Brown. Mesa is in the process of convening a general meeting to

consider the relevant resolutions and this meeting is expected to be held towards the end of March. This means that these Board constitutional issues will be resolved without undue delay.

Importantly, the existing Board opposes the resolutions and will be asking shareholders to vote against them and giving them their best reasons for doing so. As I mentioned a moment ago, the proponents of these resolutions are in the main shareholders and associates of Auvex, the Company's joint venture partner in the Ant Hill and Sunday Hill mining tenements. Mesa is currently in dispute with Auvex in relation to the joint venture and has issued a default notice to them under the governing agreement. Further reasons for voting against the resolutions will be set out in a notice of meeting, an explanatory memorandum, which will be mailed to shareholders well before the meeting.

Now, obviously the existing Board will emphasise its track record for having brought the Company's Ant Hill and Sunday Hill assets to their current development stage and having proven the saleability of the targeted ore products with the two trial shipments of manganese to China announced to the ASX in December last year and January this year. Obviously, the Board will be also emphasising its superior ability to oversee the process technology side of the business and to a man the current directors are confident that the Company is poised for further growth and enhance shareholder value building on the recent successful trial ore shipments, and, importantly, on the progress being made in licensing our technology processes. Not a lot more I can say on that at the moment, Andrew.

BRR Alan, thank you very much for your time today.

Alan Thank you.

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

INTERVIEW CONCLUDED
